Alberta

Freedom To Create. Spirit To Achieve.

Municipal Affairs

Annual Report
2009-2010

Government of Alberta

CONTENTS

2 Preface

3 Minister's Accountability Statement

4 Message from the Minister

6 Management's Responsibility for Reporting

Ministry Overview

8 Operations and Services

Results Analysis

11 Review Engagement Report

12 Performance Measures Summary Table

16 2009-10 Performance Measures Source and Methodology

23 Discussion and Analysis of Results

41 Expense by Function

Financial Information

43 Table of Contents for Financial Statements

45 Ministry of Municipal Affairs Financial Statements

63 Department of Municipal Affairs Financial Statements

85 Safety Codes Council Financial Statements

98 Statement of Revenues and Expenditures of the Improvement Districts' Trust Account – Summary UNAUDITED*

100 Special Areas Trust Account Financial Statements

Preface

Public Accounts 2009-10

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta released June 30, 2010 contains ministers' accountability statements, the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Municipal Affairs contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2010, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 31, 2010 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Hector Goudreau]

Hector Goudreau
Minister of Municipal Affairs

Message from the Minister

Alberta's communities are strong, vibrant places to live, work and raise a family. As Minister of Municipal Affairs, I'm proud to work with our municipal partners to ensure all Albertans receive a quality of life that is second-to-none.

My top priority is to ensure the sustainability of our province's municipalities. Albertans deserve to live in communities that can deliver essential services, plan strategically and manage risks. I am pleased to say that the work my department does each and every day goes a long way to achieving that goal.

To ensure our communities are places residents are proud to call home, my department is working on a municipal sustainability strategy with our municipal associations. Through this strategy, we will talk with municipalities about the importance of sustainability, the challenges they face and possible solutions. I am excited about this challenge and commend department staff for their excellent work to date.

Libraries are a key component of Alberta's strong communities and give Albertans a competitive advantage in the global information age. Over the past year, my department has been working to move our vision for libraries forward. We are committed to creating seamless access to information, resources and services for all Albertans, regardless of the community in which they live, work and read.

Our government knows that to be sustainable, municipalities must have the ability to look forward to the future and work together to achieve their long-term goals. Since 2007, Alberta's municipalities have received unprecedented municipal infrastructure investments through the Municipal Sustainability Initiative. This $11.3 billion long-term commitment empowers local decision making by enabling municipal leaders to choose to support the projects that matter most to their residents.

Sustainable communities are safe communities. Our building and fire codes have recently been updated to help make homes safer from the spread of fire. These updated codes put Alberta two years ahead of the national code cycle and truly enhance safety in our province. The *Safety Codes Act* is also being reviewed to build on our already strong safety system and to keep Albertans safe.

In addition, the Alberta Emergency Management Agency works to keep Albertans safe from the effects of disasters and emergencies. In 2009-10, Agency staff worked with municipalities on initiatives to support volunteer firefighters and coordinated the response to numerous emergency and disaster recovery events.

CONTINUED ON NEXT PAGE...

CONTINUED FROM PREVIOUS PAGE...

When I was appointed Minister of Municipal Affairs, I brought with me the Francophone Secretariat effective April 1, 2010. This dedicated team acts as a liaison between the Alberta government and the province's French-speaking community. While the Francophone Secretariat's activities are reported in Alberta Employment and Immigration's annual report this year, they will be included in Municipal Affairs' reporting for the next fiscal year. I look forward to continuing to represent the needs of our province's Francophone community and support activities that enhance access to services and resources in French.

Also in 2009, Municipal Affairs participated in a government-wide initiative to more efficiently provide services to Albertans. The collective savings resulting from these efforts helped lower the deficit and improve the government's fiscal position.

As we move into 2010-11, I look forward to the challenges ahead and to working together with our municipal leaders to continue to build strong, sustainable communities.

[Original signed by Hector Goudreau]

Hector Goudreau
Minister of Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs, the Special Areas Board, six Improvement Districts, and the Safety Codes Council.

The Department of Municipal Affairs consists of the Local Government Services Division, the Public Safety Division, the Corporate Strategic Services Division, the Alberta Emergency Management Agency, and the Municipal Government Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The performance measures are prepared in accordance with the following criteria:

Reliability – Information agrees with the underlying data and the sources used to prepare it.

Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.

Completeness – Performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

CONTINUED ON NEXT PAGE...

CONTINUED FROM PREVIOUS PAGE...

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and Enterprise and the Minister of Municipal Affairs any information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

[Original signed by Ray Gilmour]

Ray Gilmour
Deputy Minister, Municipal Affairs
August 31, 2010

MINISTRY OVERVIEW

Operations and Services

The Ministry of Municipal Affairs includes the Department of Municipal Affairs, the Special Areas Board, six Improvement Districts, and the Safety Codes Council.

Department of Municipal Affairs

The Department of Municipal Affairs consists of the Local Government Services Division, the Public Safety Division, the Corporate Strategic Services Division, the Alberta Emergency Management Agency, and the Municipal Government Board.

Local Government Services Division

The Local Government Services Division provides support and advice to municipalities to help them develop sustainable and effective local government for Albertans.

Services focus on increasing municipal capacity and assisting municipalities to respond to growth related challenges. The division provides advisory support, training and internship programs, and other tools in support of enhanced municipal sustainability. As well, the division administers several grant programs, including the Municipal Sustainability Initiative, which provides an unprecedented long-term funding commitment to municipalities.

The division supports the implementation of strategic initiatives such as the *Municipal Sustainability Strategy, Land-use Framework, Capital Region Growth Plan, Calgary Regional Partnership,* and *Responsible Actions: A Plan for Alberta's Oil Sands*. The division also works in support of government priorities and goals related to homelessness, affordable housing, the Provincial Energy Strategy, the Rural Development Strategy, and the Water for Life strategy. Municipal cooperation is a further priority of the division, which is fostered through land-use planning assistance and mediation programming.

In addition, the division oversees the policies and procedures for the assessment of property in Alberta; reviews and audits municipal assessments; assesses linear property such as oil and gas wells, pipelines, electric power systems (generation, transmission, distribution) and telecommunication systems for Alberta municipalities; and oversees the annual process involved in determining each municipality's share of the education property tax. The division annually prepares equalized assessments for each municipality, which are used for distributing tax requisitions, in intermunicipal cost-sharing programs, and in formulas for calculating various grants to municipalities. The division also provides assistance and advice to municipalities on assessment and tax-related issues.

The Special Areas Board reports to this division. The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the management and administration of 2.86 million acres of public land located in southeast Alberta and the provision of municipal services to the residents of these areas, including: the maintenance and construction of local roads; the maintenance of parks; the provision of water services; public land management (grazing, cultivation, and oil and gas development); emergency and protective services; and rural stabilization and economic development.

The division also administers six Improvement Districts, which provide limited municipal services, primarily in the national parks. The provincial government, through Municipal Affairs, is responsible for all functions of local government in the improvement districts, including the levy and collection of taxes.

Public Safety Division

The Public Safety Division administers a framework of safety codes and standards and assists municipalities with promoting the safe construction, operation and maintenance of buildings, facilities and associated equipment. This includes administering the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines, including: pressure equipment; building; fire; plumbing; gas; electrical; elevators; amusement rides; passenger rope-ways (ski lifts); and private sewage disposal systems. The division also represents the Government of Alberta in the development of national and international codes and standards; provides technical advice and program support to municipalities, industry and the public; and works with the Safety Codes Council to assist and monitor municipalities, corporations and other organizations that have been delegated authority to administer safety codes and standards. As the third largest provider of safety codes services, the Public Safety Division oversees the permit and inspection services for municipalities that do not deliver these services.

The Public Safety Division also delivers the Tank Site Remediation Program, which is designed to help municipalities and other eligible owners of current or former retail gas station sites clean up contamination caused by leaking underground petroleum storage tanks.

Corporate Strategic Services Division

The Corporate Strategic Services Division is responsible for the ministry's information technology, financial planning and reporting, corporate strategic policy and administrative functions. The division also manages the ministry's business planning, performance measurement, environmental scanning, enterprise risk management, legislative planning, and information access and privacy protection.

This division also includes the Public Library Services Branch, which supports the province-wide public library network. This work includes providing funding assistance to library boards, establishing a provincewide network for communications and shared library resources, and supporting library boards in providing public library service to Albertans.

Alberta Emergency Management Agency

The Alberta Emergency Management Agency's mission is to manage and enhance the effective coordination of the province-wide fire, search and rescue, and emergency management system that protects Albertans, their property, the environment, and the economy from the effects of emergency events. The Alberta Emergency Management Agency works with all emergency system partners to protect Albertans in emergencies. It provides strategic policy direction and leadership. Together through collaboration and cooperation, it coordinates programs and initiatives that collectively reduce the impacts of emergency events in Alberta.

The *Emergency Management Act* governs the agency and gives it the authority to act in an emergency. The agency works under two regulations:

- the Disaster Recovery Regulation, which allows the agency to provide financial assistance to people affected by disasters; and
- the Government Emergency Management Regulation, which deals with mitigation and response strategies for individual and multi-department business disruptions.

The ministry, through the Alberta Emergency Management Agency, leads the continuous improvement of the Alberta Emergency Management System. The system is designed to mitigate, prepare for, respond to and recover from major emergencies and disasters. It requires individual citizens, communities, industry and government working together to protect life, property and the environment during an emergency, by providing a seamless synchronized response to emergencies. The ministry supports the development and long-term sustainability of fire and emergency management capabilities in Alberta's communities, industries, and government by providing support for regional fire and emergency management initiatives, modernizing the policies for provincial training grants, moving forward with legislation to provide liability protection to municipalities for fire and emergency management and making it easier for local authorities to access required competencies and skills maintenance training that is necessary to ensure the safety of first responders.

Municipal Government Board

The Municipal Government Board conducts independent, quasi-judicial adjudication functions required by the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes and other matters referred to the Board by the Minister of Municipal Affairs or Lieutenant Governor in Council. Moving forward, the implementation of Bill 23, which went into effect January 1, 2010, resulted in the introduction of a more efficient one-tiered system for property assessment complaints and appeals.

Safety Codes Council

The Safety Codes Council is a corporation established under the *Safety Codes Act*, responsible to the Minister of Municipal Affairs. It is comprised of industry stakeholders with expertise in the codes and standards discipline areas to which the *Act* applies. The Safety Codes Council's responsibilities include assisting the government in the formulation of safety codes and standards throughout Alberta, training and certifying safety codes officers, delivering public safety programs to industry and communities and administering a province-wide electronic permit system.

Support Services

Staff from specialized areas support the department in achieving its business plan goals, strategic policy support and development, and strategic planning. Services include the provision of legal advice regarding the ministry's acts and regulations, legal representation before the courts and various administrative tribunals, human resources and communicating information to Albertans.

Shared Services

Municipal Affairs continues to receive administrative, information technology, financial and human resource processing services from Service Alberta.

** The Francophone Secretariat was transferred to the Ministry of Municipal Affairs on April 1, 2010. The Secretariat was part of the Ministry of Employment and Immigration until March 31, 2010 and is reported in their 2009-10 Annual Report.*

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" included in the *Ministry of Municipal Affairs' 2009-10 Annual Report*. These performance measures are prepared based on the following criteria:

- **Reliability** – Information agrees with the underlying data and with sources used to prepare it.
- **Understandability and Comparability** – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- **Completeness** – performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to my office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2009-10 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

[Original signed by Merwan N. Saher]

CA
Auditor General

Edmonton, Alberta
September 9, 2010

Performance Measures Summary Table

Note on Changes to Audit Procedures

Prior to 2009, the Auditor General applied specified auditing procedures to all ministry performance measures included in the annual report. For the 2008-09 annual report, the Auditor General conducted a limited assurance review of selected performance measures that are identified in the annual reports as "Reviewed by the Auditor General." This limited assurance review of selected performance measures continues this year.

The asterix (*) indicate the performance measures that were reviewed by the Office of the Auditor General. For more detailed information see the "2009-10 Performance Measures Source and Methodology" section that follows this section of the annual report.

The performance measures indicated with asterisks were selected for review by ministry management based on the following criteria established by government:

1. Ensuring measures that best represent the goal and mandated initiatives;
2. Measures that have well established methodology and data reporting;
3. Measures that have outcomes over which the government had a greater degree of influence; and
4. Each goal has at least one reviewed performance measure.

Core Business One – *Support the development and long-term sustainability of municipalities and their communities*

*Reviewed by Auditor General**

Goal 1: A responsive, collaborative, accountable and well-managed local government sector which is sustainable

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
1. a) Albertans' satisfaction with their local governments – percentage satisfied *	79%	73%	73%	80%	64%

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
1. b) Percentage of municipalities meeting ministry's criteria of financial accountability as established in the Municipal Government Act *	98%	98%	98%	98%	97%

*Reviewed by Auditor General**

Goal 2: A well-managed, fair and efficient assessment and property tax system in which stakeholders have confidence

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
2. a) Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity *	98%	95%	94%	98%	97%

*Reviewed by Auditor General**

Goal 3: Municipal Government Board administers appeals and issues timely and impartial decisions of high quality

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
3. a) Percentage of parties who appear before the Municipal Government Board who are satisfied or neutral regarding the Board's services and processes *	83%	84%	86%	80%	87%

*Reviewed by Auditor General**

Goal 4: A province-wide public library network that provides access to quality information resources and other library services

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
4. a) Usage of public library services by adult Albertans *	51%	50%	48%	53%	48%

Core Business Two – *Coordinate and encourage the safety system to support the development and maintenance of safe communities*

*Reviewed by Auditor General**

Goal 5: A comprehensive system of safety codes and standards that provides an appropriate level of public safety

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
5. a) The percentage of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the Safety Codes Act that achieve a satisfactory rating *	97%	95%	97%	98%	95%

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
5. b) Tank Site Remediation Program – cumulative number of sites remediated	708	754	816	760	854

(2009-12 Business Plan targets were set prior to the calculation of the 2008-09 actual results. Targets for this Performance Measure have been adjusted in the 2010-13 Business Plan)

Core Business Three – *Lead a high performance provincial fire and emergency management system*

Goal 6: A province-wide fire and emergency management system that protects the people of Alberta, their property, the environment and the economy from the effects of emergency events

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
6. a) Percentage of claims where a member of the damage assessment team arrives on site within 30 days of a claim being received	100%	100%	100%	100%	100%

*Reviewed by Auditor General**

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
6. b) The level of preparedness, as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years *	91%	90%	94%	92%	91%

(The target reflects the completion of one exercise for each municipality within a four-year moving window.)

Performance measure	Prior Years' Results 2006-07	2007-08	2008-09	2009-10 Target	Current Actual
6. c) Fire deaths per 100,000 population (10-year moving average)	1.13	1.06	1.09	Less than or equal to 08-09 Actual	1.00

2009-10 Performance Measures Source and Methodology

Core Business One: *Support the development and long-term sustainability of municipalities and their communities*

Goal 1: A responsive, collaborative, accountable and well-managed local government sector which is sustainable

1. a) Albertans' satisfaction with their local governments – Percentage satisfied

Data Source: The data for this measure is gathered as part of a nine question telephone survey about Albertans' satisfaction with various aspects of their municipal governments. The results of the survey are based on a probability sample of 1,000 adults living in Alberta. A sample of 1,000 persons within the population produces results that are reliable within plus or minus 3.1 per cent 19 times out of 20. The sampling method was designed to complete 1,000 interviews within randomly selected households across the Province of Alberta. The sample was drawn in proportion to the populations of 14 urban centres and three rural regions within the province based on information from Statistics Canada 2006 data.

From within each multi-person household randomly selected, residents 18 years of age and older were screened for random selection using the "Most Recent Birthday" method. The contractor's report provides a detailed sampling methodology. Survey data, beyond what is in the final report, is stored with the contractor.

Methodology: The satisfaction survey data for the measure is drawn from a question which asks a sample of 1,000 Albertans about their overall satisfaction with their municipal government. The results are reported directly from the survey report; Alberta Municipal Affairs does not perform any further calculations for the performance measure.

The survey is conducted in the early fall of each year. For 2009-10, the survey was run from October 19 to 31, 2009.

This survey is conducted as part of an omnibus survey service provided by a private research firm, Environics Research Group Inc. The survey has been conducted by Environics Research Group Inc. since its first run, with the exception of 2005.

1. b) Percentage of municipalities meeting ministry's criteria of financial accountability as established in the Municipal Government Act

Data source: The data used to calculate this measure comes primarily from the annual audited financial statements and the financial information returns which municipalities must submit to the Minister by May 1 for each year, pursuant to the *Municipal Government Act (MGA).*

Local Government Services Division staff prepare the data, complete the required calculations and supply the supplementary information used for this measure. The information is collected for administrative purposes as well as for tabulating the measure.

The data used to calculate this measure is reported based upon a calendar year, which is the fiscal year for municipalities. The results reported in this measure are from the calendar year prior to the fiscal year in which they are reported (e.g. for 2009-10 annual reporting, Municipal Affairs reports municipal results from the 2008 calendar year). Financial data is stored in the Municipal Financial Information System.

Methodology: The required data sets are extracted from the Municipal Financial Information System using Microsoft Access and are compiled in an Excel™ spreadsheet. Point scores are calculated using Excel™ formulas where possible. Points for section 282 of the *MGA* must be entered manually as would supplementary information regarding debt limit extensions and deficit recovery extensions. Supplementary information related to section 244 and 252 is entered manually into the Excel™ spreadsheet as required.

The measure is calculated based on a demerit point system weighting the 16 criteria as set out in sections 244, 252, 278 and 282 of the *MGA*. Municipalities meeting or exceeding 100 points are considered to be outside of the criteria for achieving financial accountability. The scoring system serves as a proxy measure. Scores of 100 points or more would be a solid indicator of an accountability problem and, if continued, would likely indicate a loss of financial sustainability.

Goal 2: A well-managed, fair and efficient assessment and property tax system in which stakeholders have confidence

2. a) *Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity*

Data source: By no later than February 28 of each year, all municipalities are required by the Alberta Assessment Quality Minister's Guidelines to submit assessment and sales data. Most municipalities uploaded their data directly into the province's web-based application, Assessment Shared Services Environment (ASSET), through their Computer Assisted Mass Appraisal systems. Examples of the type of information submitted include the assessed value, the sale price for sold properties, legal descriptions and property characteristics, etc.

The calculation of median assessment ratios and assessment levels are part of stage one of the annual audit. The annual audit program is an important tool in measuring mass appraisal performance. Through assessment to sales ratio studies, the Assessment Audit Unit compares municipal assessments to market value indicators and verifies whether municipal assessments meet regulated quality standards. Because of the assessment audit cycle, the data upon which the 2009-10 measure is based reflects values and inventory from the 2008 assessment year. The fiscal year for municipalities is the calendar year.

Methodology: Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.95 and 1.05.

The ASSET system calculates ratios of assessment to market value (sale price or indicator of market value) for sold properties in each value range/property type in the two property classes (residential and non-residential). The sub-grouping or stratification of the two classes is based on assessment value and property type.

The median assessment to sales ratio is calculated for each value range/property type stratum. Each median is then weighted by its respective total assessed value for that strata and a weighted mean is calculated for each of the two classes. The percentage of municipalities whose assessment levels fall within the acceptable range for each class is determined. The performance measure is the average of these two percentages.

Goal 3: Municipal Government Board administers appeals and issues timely and impartial decisions of high quality

3. a) *Percentage of parties who appear before the Municipal Government Board who are satisfied or neutral regarding the Board's services and processes*

Data source: A client satisfaction survey was conducted by Resinnova and the hearing participant information provided from the Case Inc. database of the Municipal Government Board (MGB).

Methodology: MGB staff designed database queries for the purpose of identifying all participants who attended MGB hearings. The staff ran queries listing all appellants, respondents and interveners that were attached to the hearings. Staff generated manual lists for attendees at annexations and subdivision hearings. Staff then found email addresses or phone numbers for all parties and forwarded the list to Resinnova.

The methodology followed in conducting the survey and preparing the survey results is described in the consultant's final report.

The satisfaction scale used in the report is a five-point, anchored satisfaction scale (strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, strongly disagree).

Goal 4: A province-wide public library network that provides access to quality information resources and other library services

4. a) *Usage of public library services by adult Albertans*

Data source: The source for the data on this measure is the Alberta Culture and Community Spirit – 2010 Survey of Albertans on Culture, conducted by Resinnova.

Methodology: Consistent with surveys in previous years, 1,000 adult Albertans were interviewed in a province-wide telephone survey. Resinnova conducted this survey using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. Interviews were conducted from March 2 to March 15, 2010. Respondents were asked to answer the following question: *Have you used a public library in Alberta in the past 12 months?*

The margin of error is no greater than plus or minus 3.1 per cent at the 95 per cent confidence level.

Core Business Two – *Coordinate and encourage the safety system to support the development and maintenance of safe communities*

Goal 5: A comprehensive system of safety codes and standards that provides an appropriate level of public safety

5. a) The percentage of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the Safety Codes Act that achieve a satisfactory rating

Data source: The accredited organizations scheduled for the year are assessed in their administration of the safety system throughout the year using a series of checklists. There has been no change in data collection methods used for accredited municipalities, corporations, authorized accredited agencies and DAOs. The municipal and corporate checklist questions have been updated to reflect new Quality Management Plans.

Methodology: A benchmark of 70 per cent has been adopted as a satisfactory rating. This has not changed from previous years. The percentage of overall scores is computed for accredited municipal entities, corporations, agencies and delegated administrative organizations. This percentage is then weighted by the number of organizations assessed to produce the key performance statistic.

Accredited municipalities and corporations

Accredited municipalities and corporations are assessed at least once every three years on a rotating schedule, which is revised annually as entities' accreditation status changes. The files selected are from files closed in a recent 12 month period preceding a monitoring field visit. During the year, data is gathered by designated department staff for accredited municipalities and corporations and a score is computed for each completed checklist. The checklist scores for the Quality Management Plans (QMPs) for each discipline administered by an organization are then averaged to produce an overall score for that organization.

Each year, the schedule for monitoring accredited municipalities and corporations is determined as follows:

1) start with the prescribed one-third list;
2) add all those accredited entities from the previous year that scored less than satisfactory;
3) add municipal entities and corporations newly accredited in the previous year to the year's prescribed one-third list;
4) remove accredited entities that dissolved or discontinued their accreditations from the list;
5) where justified, remove organizations that request their monitoring to be postponed until the next year from the list; and
6) remove accredited corporations that have not engaged in activities that fall under the *Safety Codes Act* (these are carried forward until the corporation resumes activity).

Delegated Administrative Organizations (DAOs) and Authorized Accredited Agencies

All three DAOs are formally monitored annually in the same manner as previous years. DAO liaisons provide continuous assessment, monitoring and mentoring to the organization throughout the year.

All authorized accredited agencies under contract with the department are monitored monthly, closed files are reviewed quarterly, and administrative components and performance are reported annually. Contract management staff is in continual contact with the agencies and assist them in resolving emerging issues.

5. b) Tank Site Remediation Program – cumulative number of sites remediated

Data source: Separate files are maintained for each site approved for remediation under the program. Information from these files is entered into two program management Excel™ databases that are maintained to manage the remediation related to the two funding pools referred to as Program 1 and Program 2. These separate databases are used to manage and report on program progress. The databases are reconciled monthly by the Program Director and financial staff. A copy of these is retained on file at each month end.

A site is considered remediated when:

- A signed and sealed Remediation Report is accepted from the Grant Recipient's Accredited Consulting Engineer, which certifies that the site is remediated in accordance with the Guidelines adopted by the Program (the Guidelines adopted by the Program are the Alberta Environment Tier I and Tier II Remediation Guidelines as amended from time-to-time) or;
- Alberta Environment formally accepts a Risk Management plan for the site; or
- The maximum grant has been used to define the problem and advance work on the site to a point where Alberta Environment will take over monitoring.

Methodology: Remediation Reports that are received by the Program Office are reviewed as received by technical program staff. When accepted, the status of the site is recorded as remediated in the appropriate program management Excel™ database. The databases are used for daily management and monthly reporting. A list of the sites remediated from the beginning of the program to the current month end is extracted from each of the two databases and added together to report the cumulative total number of sites remediated.

Core Business Three – *Lead a high performance provincial fire and emergency management system*

Goal 6: A province-wide fire and emergency management system that protects the people of Alberta, their property, the environment and the economy from the effects of emergency events

6. a) Percentage of claims where a member of the damage assessment team arrives on site within 30 days of a claim being received

Data source: Separate files are maintained for each application within each program. Information contained in these files is entered into a Microsoft Access disaster recovery database. The disaster recovery database, which has been in use since July 1995, tracks all applications received and activities related to the processing of each application made under a Disaster Recovery Program.

Methodology: The database is used to identify the number of disaster recovery applications and the number of those applications where the evaluator arrived on the site within 30 days of receipt of the application. The measurement period is the fiscal program year from April 1, 2009 to March 31, 2010.

Eligible applications are those that fall within the parameters of the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible. The applications are collected in a separate database established for each Disaster Recovery Program. The database records all dates pertinent to the administration of the program and can be queried at any time. A query is done on the database to identify all applications received within the measurement period and their corresponding evaluation date. The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criterion divided by the total number of applications.

6. b) The level of preparedness, as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years

Data source: The source for the data on this measure is the compilation of quarterly data submitted by the seven field officers in field operations at the Alberta Emergency Management Agency. The cumulative fourth quarter report is used to extract the actual number of municipalities that have exercised their plans in the current year either through a coordinated exercise or an actual event, that have not previously exercised their plans in the current four-year period.

Methodology: A schedule is established for all municipalities to be exercised at least once every four fiscal years. All real events where the municipal emergency plan was exercised are included, when and as they happen, replacing the scheduled exercise in the calculation. All seven field officers compile and submit quarterly reports to the director of field operations who maintains a four-year cumulative report for the current exercise window. This information is used to verify the required exercises or events for the municipality. If an exercise is a repeat, it is not included in the measure. Once the current four-year cumulative report by region is updated, a simple sum of the seven regions is calculated, which is divided by the total number of municipalities to produce a cumulative percentage.

This is a Microsoft Access database managed internally to allow for continuous improvement for tracking and security of information. Reports are generated from this database to identify the municipalities that exercised their plans during the fiscal four-year period.

6. c) *Fire deaths per 100,000 population (10-year moving average)*

Data source: Section 9 of the Administrative Items Regulation AR 16/2004 under the *Safety Codes Act*, requires that a safety codes officer for the fire discipline who investigates the causes and circumstances of a fire must immediately notify the Fire Commissioner if the fire has resulted in loss of life. Additional sources of information on fire deaths are: insurance companies/adjusters, the Medical Examiner's Office and police departments. The total number of fire deaths is revised as information is received from these sources. Alberta Official Population data is obtained from the Alberta Municipal Affairs' website.

Methodology: In 2009-10, continual improvements were made to the web-based application called the Fire Electronic Reporting System (FERS) to enable fire departments and insurance professionals to input fire incident data online. The Fire Statistics Reporting Manual and fire incident reports (PDF format) are also posted on the Alberta Emergency Management Agency website to enable reporting agencies easy online access to fire reporting.

The data is collected in either hard copy or electronically through FERS. Data from the hard copies is keyed into the system and validated and then fire death figures are extracted using a SAS software program and manually entered into an Excel spreadsheet. The Alberta population figures are then entered into the Excel spreadsheet to calculate the fire death rates, which are plotted in a bar-chart as 10-year moving averages. The data and the measure relate to a calendar year, which is consistent with reports produced by Statistics Canada and other jurisdictions, enabling comparisons.

The formula for the fire death rate for each year is as follows:

$$\left(\frac{\text{Revised number of fire deaths per year}}{\text{Population}} \right) \times 100{,}000$$

The fire death rate for the current year and each of the preceding nine years are averaged to produce the 10-year moving average statistic.

Discussion and Analysis of Results

GOAL 1: A responsive, collaborative, accountable and well-managed local government sector which is sustainable

Linked to Core Business 1 – Support the development and long-term sustainability of municipalities and their communities

Administered the Municipal Sustainability Initiative

Announced in 2007, the Municipal Sustainability Initiative (MSI) is the Province of Alberta's commitment to provide significant long-term funding to enhance municipal sustainability and to enable municipalities to meet the demands of growth. Under this initiative, municipalities received $400 million in provincial funding in 2009-10. Of this, $46 million was allocated to conditional operating projects and the remainder to qualifying capital projects.

Qualifying capital projects include municipal roads, bridges, public transit, water and wastewater systems, emergency services facilities and equipment, solid waste management facilities and equipment, regional and community airport facilities and equipment, and other municipal buildings and facilities such as recreational and sports facilities, libraries, public works buildings and cultural/community centres. Qualifying operating projects include capacity-building activities that improve efficiency or effectiveness, municipal services, planning activities, and contributions to non-profit organizations. In 2009, the ministry participated in four MSI information sessions at municipal conferences and meetings to support municipal administrative staff involved in project planning and funding.

Capital Funding

Provided $354 million in MSI capital funding to assist municipalities to address local infrastructure pressures, enhance municipal sustainability and meet the demands of growth. A total of 754 MSI capital projects were accepted by the Minister. The MSI funding for these projects will be used for municipal roadways, bridges and related facilities (14.1 per cent); public transit vehicles and facilities (7.9 per cent); recreation, sports, and community facilities (21.5 per cent); protective and emergency services facilities and equipment (17.1 per cent); and other municipal infrastructure (39.4 per cent).

MSI projects include the City of Edmonton's application to build the Southwest Community Recreation Centre Arena, the Town of Stavely's application to build the Stavely Municipal Complex, and the Municipal District of Lesser Slave River's application to build the South-shore Wastewater Line.

Operating Funding

Provided $46 million in MSI conditional operating funding to assist municipalities in providing needed services in their communities. A total of 914 MSI operating projects were accepted by the Minister. The funds for these projects support planning activities (14 per cent); capacity building (11 per cent); municipal services (68 per cent); and assistance to non-profit organizations (7 per cent).

Many municipalities are using their MSI operating funding toward projects that enhance their long-term sustainability. For example, the Town of Turner Valley is preparing a municipal development plan and growth management plan, and the Village of Waskatenau is partnering with Smoky Lake County to support an economic development officer.

Municipal Sustainability Strategy

The ministry has continued to develop the Municipal Sustainability Strategy, which will provide a framework to help ensure that Alberta's municipalities are able to deliver well-managed, collaborative and accountable local government to Albertans.

This made-in-Alberta strategy is being developed with the help of the municipal associations. A working group was established to address four key questions:

- What constitutes a viable and sustainable municipality and how can these be measured?
- What basic services should a municipality provide?
- What capacity-building tools are required?
- What restructuring processes should be used?

The working group is composed of representatives of Municipal Affairs, the Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties, the Local Government Administration Association, the Alberta Rural Municipal Administrators' Association, and the Association of Summer Villages of Alberta.

Government Re-engineering Initiative on Municipal Grants

On April 21, 2009, government approved an Accountability Framework for municipal grants. The framework is intended to help ministries plan for future performance, measure and monitor progress towards performance objectives, report actual results against the plan, and evaluate the effectiveness and efficiency of provincial grant programs for municipalities.

Under the framework, provincial grant programs for municipalities are aligned with four government-wide objectives in support of:

- initiatives that promote the viability and long-term sustainability of municipalities;
- the maintenance of safe, healthy and vibrant communities;
- the development and maintenance of core municipal infrastructure to meet existing and changing municipal needs; and
- capacity building within municipalities.

Following the framework's approval, the ministry was charged with leading a further cross-ministry exercise to develop options to improve efficiency and effectiveness in the administration of provincial grant funding for municipalities. The Government Re-engineering Initiative on Municipal Grants led to government's acceptance in October of 2009 of recommendations to:

- consolidate a number of grant programs to address overlaps and gaps identified through the review process;
- create a municipal grants web portal;
- develop consistent application forms, guidelines and compliance documents;
- re-engineer current grant application processes for consistency and efficiency;
- investigate a government-wide IT system that would offer a common front-counter approach;
- develop a new report to inform MLAs on all funding provided and available to municipalities within their constituencies; and
- implement a performance measures framework.

In December of 2009, stakeholder consultation sessions were held across Alberta as part of the re-engineering process for municipal grants, and local government administrators provided input on the grant application process. Strong support was given for efforts to consolidate and simplify grants, improve processes, and make it easier for municipal officials to locate and apply for provincial funding.

These recommendations will be implemented in the 2010-11 fiscal year.

Supporting the Capital Region Board and the Calgary Regional Partnership

Provided support and assistance to strategic planning initiatives in the Capital and Calgary regions.

In March 2010, the Alberta government formally approved the long-term growth plan developed by the Capital Region Board. The Board was established by the province in spring 2008 and consists of mayors and reeves from the 25 municipalities in the Alberta Capital Region. It was mandated to focus on four priorities in preparing an overall growth plan for the region: regional land-use planning, intermunicipal transit planning, a regional geographical information system, and strategic planning for affordable and social housing.

The Capital Region Growth Plan is an outcome of substantial co-operation among municipalities on a regional scale to prepare an integrated and strategic approach to development for future growth.

The ministry worked with the Capital Region Board to develop a regional evaluation framework for use by the Board and member municipalities in ensuring that new municipal land-use plans and amendments align with the Capital Region Growth Plan. The growth plan, the evaluation framework, and an amended Capital Region Board Regulation came into effect on March 31, 2010. The province provided $3 million in funding to the Board for 2009-10, and has committed $3 million for 2010-11, to assist with start-up and ongoing operational costs.

The Calgary Regional Partnership is a voluntary organization of municipalities that has taken on responsibility for developing a land-use plan for the Calgary region. Although the partnership ratified the plan at its general assembly in June 2009, the membership has since changed and these changes could have an effect on the nature of the plan and its implementation. The Calgary Regional Partnership has requested a formal response from government to its Calgary Metropolitan Plan and a cross-ministry review, similar to the process used for the review of the Capital Region Growth Plan, is proceeding in 2010. The ministry continues to support this regional initiative.

Support for Implementation of the Land-use Framework

Municipal Affairs participates in several activities and working committees in support of the implementation of the province's Land-use Framework. The framework sets out strategies – including the development of regional land-use plans – to better manage public and private lands and natural resources in Alberta.

The ministry participated in regional planning teams that provided support to the two regional advisory councils tasked with giving strategic advice to government in the development of land-use plans for the Lower Athabasca and South Saskatchewan regions. The work of the Lower Athabasca Regional Advisory Council has been completed, and the plan is now being developed by government.

The ministry co-leads two further initiatives under the Land-use Framework: a policy review on loss and fragmentation of agricultural land (with Alberta Agriculture and Rural Development), and work to develop a strategy for the efficient use of land (with the Land-use Secretariat). Ministry staff also contributed to cross-ministry initiatives on cumulative effects management, a surface and subsurface review, and data sharing and modeling.

Support for Implementation of Responsible Actions: A Plan for Alberta's Oil Sands

The province's comprehensive 20-year strategic plan for Alberta's oil sands, *Responsible Actions: A Plan for Alberta's Oil Sands*, outlines strategies and actions that address economic, social and environmental challenges and opportunities in the oil sands regions. Municipal Affairs is the lead ministry responsible for actions set out in the plan in relation to regional service delivery and financing, and emergency preparedness and access.

In 2009-10, the ministry provided technical assistance and support to strategic planning and development activities for Alberta's oil sands regions, including:

- Monitoring the application of a three-year $3.6 million grant to the Regional Municipality of Wood Buffalo for municipal planning activity and regional development; and
- Working with cross-ministry teams engaged in initiatives that are coordinated by the Oil Sands Secretariat.

Municipal Internship Program

Comprehensive training was provided to recent postsecondary graduates through an internship program that assists municipalities in addressing their succession planning needs for administrators and land-use planners. In 2009-10, a total of 19 interns participated in the Municipal Internship Program for Administrators in 17 host municipalities, and a total of 15 interns participated in the Municipal Internship Program for Land-use Planners in 13 municipalities and two planning service agencies.

Grants in the amount of $1.2 million were awarded to municipal organizations through the Municipal Internship Program for Administrators and Land-use Planners. Both streams of the program assist the host organizations through a grant to cover some of the intern's wages and expenses.

Regional Collaboration Program

The ministry is developing a new Regional Collaboration Program, which provides support to improve the viability and long-term sustainability of municipalities through strategic activities related to regional collaboration and capacity building. The program will consist of four components:

- Regional Collaboration – support for regional approaches to municipal service delivery and governance;
- Mediation and Co-operative Processes – support to municipalities for building relations within and between municipalities and resolving regional and intermunicipal issues;
- Municipal Internship – support to municipalities or planning service agencies to recruit, train and retain competent municipal employees who can progress into leadership positions; and
- Strategic Initiatives – initiatives that address municipal or intermunicipal special needs or circumstances of strategic significance.

Assistance in Collaborative Governance

Through its Collaborative Governance Initiative, the ministry supports municipalities in creating protocols to enhance co-operation among municipal neighbours. Two agreements were formalized at signing ceremonies attended by the Minister of Municipal Affairs: one involving the Town of Peace River and Northern Sunrise County, the other involving the Town of Cochrane and Rocky View County. These agreements mark a major milestone in intermunicipal relations between these municipalities and serve as a model for other municipalities in the province.

Municipal Restructuring

Municipal Affairs continued to facilitate municipal restructuring processes, which include amalgamation, dissolution, formation, change of status, and change in names of municipalities. In 2009-10, the ministry was involved in dissolution studies in 10 municipalities, a process in which a municipality explores the possibility of becoming part of a bordering municipality.

Municipal Sponsorship Program

The Municipal Sponsorship Program continued to assist Alberta municipalities by providing grants for projects that improve municipal governance or administration, enhance municipal services or service-delivery, or increase intermunicipal co-operation. The program was available to municipalities with populations of up to 20,000. A total of 296 applications were approved, with grants totalling $12 million awarded in the final year of the program.

Three hundred and twenty-six municipalities participated in 296 projects that related to energy efficiency (11 per cent), infrastructure management systems (9 per cent), emergency services (21 per cent), sustainability and land-use planning (9 per cent), water/wastewater and solid waste management systems (14 per cent), recreation (27 per cent) and other needs (9 per cent).

Municipalities received a 35 per cent bonus, on top of the base amount, for eligible projects that involved intermunicipal co-operation, and a 35 per cent bonus for projects that involved shared provincial/municipal priorities. More than $6.9 million was provided to 78 partnerships where two or more municipalities come together to work on projects of common interest and benefit. For example, the Town of Slave Lake will partner with the Municipal District of Lesser Slave River to purchase fire trucks for regional use. The Village of Chauvin is leading a project to purchase and install a regional water plant monitoring system, in partnership with the villages of Edgerton and Irma.

Regional Partnerships Initiative

Twenty-one applications in support of regional partnerships, totalling $1.96 million were approved by the ministry. These activities will result in cost savings, improved and enhanced service delivery, stronger regional relationships, and innovative approaches to meet the local and regional challenges faced by municipalities.

Projects include initiatives by the Central Alberta Regional Transportation Partnership to explore service delivery options in the development of a regional transportation strategy; the St. Paul Regional Water Services Partnership to develop a regional governance framework for the implementation of regional water service delivery; and the Camrose County Regional Emergency Management Partnership to explore regional governance options for fire and emergency service delivery and to prepare a business case for establishing a regional emergency services liaison.

Achieving Value in the Use of Provincial Grants

The ministry reviewed processes and maintained existing systems to ensure that provincial funds that are provided to municipalities through Municipal Affairs are used to meet government-wide objectives, and that value-for-money is being achieved. Compliance processes were applied to the annual reporting requirements of municipalities under the Municipal Sustainability Initiative, and accountability systems were maintained for grant recipients of the Municipal Sponsorship Program, Regional Partnerships Initiative, and Financial Support to Local Authorities programs.

Minister's Awards for Municipal Excellence

Seventeen municipalities and three affiliated organizations were presented with awards and honourable mentions at the eighth annual Minister's Awards for Municipal Excellence. Awards were presented for exceptional municipal practices in the categories of Innovation, Partnership, Safe Communities, Smaller Municipalities and Outstanding Achievement.

Support for Other Key Government Priorities

Municipal Affairs is involved in cross-ministry initiatives related to a number of key government priorities through its work on committees in support of Alberta's plan to address homelessness and affordable housing, and assistance in implementing the Provincial Energy Strategy through the development of an alternative and renewable energy policy framework. The ministry also helps to achieve strategic goals of the province by assisting in implementing the Water for Life strategy, and supporting the implementation of the Rural Development Strategy through Rural Alberta's Development Fund.

Advice, Analysis and Assistance for Municipalities

The ministry provided advice, analysis and assistance to municipalities, residents, and other stakeholders on matters related to finance, governance, land-use planning, municipal restructuring and dispute resolution. Examples of this work include:

- Provided ongoing financial and governance advice to elected/appointed officials and other Albertans.
- Provided workshops to 15 municipalities on relationships, roles and responsibilities of municipal councils and administrations.
- Completed a corporate review in one municipality and inspections in three municipalities.
- Worked on a number of election-related matters, including amendments to the *Local Authorities Election Act* to clarify matters related to the declaration and disclosure of campaign funds in a municipal election, and to provide clarity as to where an elector is to vote when that person owns and occupies more than one residence in Alberta.
- Provided support and assistance to municipalities engaged in municipal restructuring processes, or exploring the possibility of restructuring.
- Provided assistance through the Intermunicipal Dispute Resolution Initiative, which helps municipalities to develop uniquely local solutions to local issues such as cost-sharing, annexation, and planning.
- Offered courses on conflict management to municipal officials.
- Provided advice and assistance through the Hutterite Liaison Program regarding the formation of two new Hutterite Colonies: Rocfort Colony (southeast of Mayerthorpe) and Gold Spring Colony (County of Warner and County of Forty Mile).
- Facilitated the review and update of the regulation affecting land use and development around the Calgary International Airport.
- Continued work with the Province of Saskatchewan and the City of Lloydminster to update the Lloydminster Charter. Proposed revisions to the Charter create a renewed regulatory framework that provides for the structure, governance, powers and jurisdiction of the City of Lloydminster.
- Facilitated the creation of, and changes to, regional services commissions that supply various types of services to member municipalities, and provided start-up funding for four new commissions that will provide water services in several locations in Alberta.

Gold Award for Grade 6 Social Studies Resource

Received a gold Premier's Award of Excellence in 2009 for the Grade 6 learning resource, *Building Communities Through Local Government*. The social studies resource was developed to encourage students to become interested and involved in their communities and local governments.

Financial Support to Local Authorities

The ministry also provided financial support to local authorities and other entities. Examples include:

- $39.5 million through the Grants in Place of Taxes Program, which provides municipalities with a grant equivalent to the property taxes that would be recoverable on Crown property if it were not exempt from taxation, as well as the municipal portion of property taxes on non-profit, unsubsidized, self-contained seniors' accommodations.
- $15.1 million through the Unconditional Municipal Grant Program to assist municipalities in providing services to their residents.
- $6.8 million to the Regional Municipality of Wood Buffalo to offset the interest for its loan from the Alberta Capital Finance Authority to help facilitate the construction of urgently needed infrastructure in Fort McMurray.
- $300,000 through the Municipal Debenture Interest Rebate Program, which subsidizes the interest paid by municipalities on certain high-interest debenture borrowings from the Alberta Capital Finance Authority.

Guidelines and Tools to Assist Municipalities with Financial Reporting

Developed guidelines and tools, and provided funding for workshops that were developed in partnership with the Government Finance Officers Association, to assist municipalities in complying with revised accounting standards recommended by the Public Sector Accounting Board.

Minister's Regional Consultation Sessions

In October of 2009, the Minister of Municipal Affairs met with more than 400 elected and administrative municipal officials, as well as representatives from the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association. The Minister held the consultation sessions to dialogue with municipal leaders and hear about local perspectives and innovative solutions to the challenges facing Alberta's municipalities.

Performance Measures Analysis: Significant Variances

1. a) Albertans' satisfaction with their local governments – percentage satisfied

Analysis

The survey on Albertans' satisfaction with their local governments has been completed each year since the 1998-99 fiscal year.

From 2002-03 to 2006-07, Albertans' satisfaction with their local governments averaged around 79 to 80 per cent. The level of satisfaction fell to 73 per cent in 2007-08 and 2008-09, and to 64 per cent in 2009-10. Although it cannot be conclusively determined from the survey results alone, the three year shortfall may be partly a result of many municipalities facing continuing challenges in addressing growth and capacity-related issues in their communities, while others have been facing the challenges of a declining population and local economic base. In 2009-10, municipalities were not only experiencing the

same challenges from the previous year but were having to work within the context of a global economic recession. Attitudes towards local government may also have been affected by the downturn in the Alberta economy.

GOAL 2: A well-managed, fair and efficient assessment and property tax system in which stakeholders have confidence

Linked to Core Business 1 – Support the development and long-term sustainability of municipalities and their communities

Standards for Assessment Quality

As part of the ministry's process to review the assessment information reported to the department by each municipality, the following activities took place:

- Conducted annual assessment audits on all 352 municipalities in the province. The annual audit primarily involves the completion of ratio studies and other statistical analysis for all municipalities.
- Conducted detailed assessment audits on 26 municipalities. A detailed audit combines results-oriented ratio studies with a review of procedures for conformity with applicable legal requirements and generally accepted assessment practices. Two of the detailed audits were conducted as a result of requests to the Minister.
- Conducted follow-up audits on 18 municipalities. A follow-up audit is normally conducted in the year following a detailed audit to evaluate progress on the actions the municipality has taken to address the auditor's recommendations.
- Completed the review of the valuation of 480 Crown properties.
- Completed upgrades to the Assessment Shared Services Environment system, which is used to analyze the annually reported property assessment values of municipalities to determine if the values meet legislated requirements. The Province then uses the reported assessment values to prepare the annual equalized assessments for each municipality. The equalized assessments are then used for tax requisitioning purposes such as education tax.

Annual Processes Associated with the Assessment of Property and the Levying of the Education Property Tax

Conducted a number of processes associated with the assessment of property in Alberta and the levying of the annual education property tax, including the following:

- Prepared the 2010 equalized assessments for each municipality. Equalized assessments are prepared by the province for use in calculating the education requisitions that are sent to municipalities each spring in conjunction with the announcement of the provincial budget. Municipal Affairs calculates education requisitions for public and separate school boards by apportioning the requisition among school support declarations. The ministry adjusts the education requisitions to reflect changes in the assessment base that are reported by local assessors and/or that reflect the decisions of an assessment review board or the Municipal Government Board. The 2010 provincial equalized assessment increased at a moderate rate of 5.6 per cent to $737.5 billion, up from $698.4 billion in 2009.
- Prepared and delivered the 2009 education property tax requisitions to municipalities electronically through the Municipal Education Requisition Online system. The new system provides municipalities with direct and immediate access to their annual education requisitions, revised requisitions, and tools for preparing local education property tax rates and property tax rate bylaws. This system was also instrumental in providing the 2010 education requisitions to municipalities directly following the release of the provincial budget.

- Prepared the valuations for properties defined in section 284(1)(k) of the *Municipal Government Act* as linear property. Examples of linear property include oil/gas pipelines, telecommunication cable systems, and electric power systems. In 2010, the linear property assessment decreased by approximately 5.4 percent to $63.8 billion. The linear property assessment is prepared for approximately 1,100 companies and 350 municipalities. This assessment generates about $1 billion in municipal and education property tax.
- Responded to approximately 225 linear property assessment complaints filed with the Municipal Government Board for the 2009 tax year.

As part of the regulated rate review cycle, received and reviewed engineering reports on cost configurations and physical life for most of the industrial property types that are assessed on the basis of regulated rates and procedures. Regulated rates are used to prepare the annual property assessment values for machinery and equipment, railway, linear, and farm land property as defined in the *Municipal Government Act* and the associated Matters Relating to Assessment and Taxation Regulation (AR 220/2004).

Implementing the New Assessment Complaint and Appeals System

Major changes were implemented in the past year to increase the efficiency and effectiveness of Alberta's system for property assessment complaints and appeals. The changes were made through an amendment to the *Municipal Government Act* in the spring of 2009 (under Bill 23) and the enactment of a new Matters Relating to Assessment Complaints Regulation in November 2009. They are an outcome of a comprehensive review of the assessment complaint system that began in January of 2008 and included input from stakeholders throughout the review. The new assessment complaint system came into effect on January 1, 2010.

The ministry held information sessions in five locations across the province to inform municipal stakeholders of changes to the assessment complaint system and to prepare them for the effects of the new system on their administrations.

Improvements were made in processes and procedures; a more streamlined board structure was created to hear assessment complaints; and new requirements were adopted for the training and qualifications of board members, access and disclosure of information, time-lines, fees and costs. Under the new structure:

- local assessment review boards will hear complaints about the assessment of residential property with three or fewer dwelling units, or the assessment of farm land;
- composite assessment review boards (consisting of municipal and provincial representatives) will hear complaints about the assessment of residential property with four or more dwelling units, non-residential property, and machinery and equipment; and
- the Municipal Government Board will hear complaints about linear property and equalized assessments.

Board members and clerks must successfully complete a training program to qualify to participate on an assessment review board. The new training, which includes courses in administrative law and property assessment principles, began in the fall of 2009 and was delivered to about 425 individuals in 2009-10.

Information, Advice and Consultation on Assessment and Property Tax Matters

Provided information and advice and consulted with stakeholders on assessment and property tax matters:

- Conducted targeted, direct consultation sessions on the Community Organization Property Tax Exemption Regulation (COPTER), and written submissions were also provided by stakeholders through an online consultation process. In the fall of 2009, an adjustment was made to the application dates in COPTER to provide more time for municipalities to review applications for tax exemptions prior to establishing the assessment and tax rolls.
- Provided training to assessment students at Lakeland College to develop the knowledge and expertise of new assessors on assessment practices and legislation.
- Revised the Assessment Quality Minister's Guidelines to allow more time for each municipality's designated assessor to report assessment information to the Minister for audit and equalized assessment purposes.
- Worked with the Alberta Assessors' Association on finalizing a five-year work plan for the Property Assessment in Alberta Handbook. It is anticipated the plan will be finalized in 2010.

GOAL 3: Municipal Government Board administers appeals and issues timely and impartial decisions of high quality

Linked to Core Business 1 – Support the development and long-term sustainability of municipalities and their communities

Implementation of Bill 23

Major changes were implemented to Alberta's system for property assessment and appeals through an amendment to the *Municipal Government Act* under Bill 23. Under these changes, composite assessment review boards consisting of municipal and provincial representatives will hear complaints about the assessment of residential property with four or more dwelling units, non residential property, and machinery and equipment. The Municipal Government Board (MGB) provides the provincial representative on the composite assessment review boards and also hears complainants about linear property, equalized assessment appeals, subdivision appeals, intermunicipal disputes and applications for annexations.

The ministry, through the MGB, consulted with client groups throughout the province to complete the 2009 and earlier property assessment complaints in advance of 2010 composite assessment review boards complaint hearings. Consultations were also held to develop ideas and plans for a smooth transition to meet changes for implementing Bill 23. Also included in the new legislation were changes to the linear complaint process, including a new submission process with fees. These changes were discussed in depth at a linear property workshop with assessors, agents and operators in these communities.

In line with the new assessment legislation, the MGB recruited new board members for the composite assessment review boards.

Quarterly and Specialized Training Workshops

The MGB conducted quarterly and specialized training workshops with MGB members and staff to strengthen knowledge and skills for achieving quality adjudication processes and decisions on matters before the MGB and to prepare for the new assessment system.

Stakeholder Survey and Responded to Client Feedback

Completed a stakeholder survey and responded to client feedback by implementing changes to improve MGB practices and procedures to better serve client needs.

Numbers of Appeal Hearings

The MGB used case management to encourage parties to resolve as many appeals as possible without proceeding to a hearing. For example, preliminary hearings and staff-facilitated discussion were successful in narrowing the issues and identifying common ground, particularly in linear and more complex assessment cases. As a result of case management, the number of appeal hearings remained manageable, though still high by historical standards. There were 4,133 appeal hearings in 2009-10 as compared to only 524 in 1998-99.

GOAL 4: A province-wide public library network that provides access to quality information resources and other library services

Linked to Core Business 1 – Support the development and long-term sustainability of municipalities and their communities

Grants and Funding to Support Public Library Service

The ministry provided $30.2 million in grants and funding to support public library service. This included:

- $24.7 million in operating grants to 225 municipal and community boards and seven regional library system boards operating 311 public libraries;
- $1.75 million to The Alberta Library and the Alberta Public Library Electronic Network to support shared networked services, electronic resources, library awareness and marketing, and staff training; and
- $1.9 million to provide access to, and to enhance broadband of, the Alberta SuperNet for 297 public libraries.
- The Ministry has committed to support the Canadian National Institute for the Blind in its services to print-disabled Albertans.

MLA Committee on the Future of Public Library Service

The ministry began work to implement recommendations from the MLA Committee on the Future of Public Library Service report, *Framework for the Future: Positioning Alberta Libraries for the 21st Century*, which was released April 16, 2009. Results include:

- Substantially increasing funding to library boards, including raising the base level of funding to library boards serving less than 3,000 people;
- Substantially enhancing the Alberta SuperNet for public libraries, laying the foundation for future technology improvements;
- Establishing the Assistant Deputy Minister Library Services Committee to improve collaboration among government ministries on cross-ministry library initiatives; and
- Establishing the Minister's Award of Excellence and Innovation in Public Library Service to recognize centres of excellence and innovative programs, services or technologies.

Policy and Planning Advice, Training and Consultation

The ministry provided policy and planning advice, training and consultation services to library boards at the local and regional level. Municipal Affairs worked closely with public library boards to help them enhance governance capacity through training, planning support, and conducting needs assessment and policy planning.

Performance Measure Analysis: Significant Variances

4. a) Usage of public library services by adult Albertans

The percentage of adult Albertans who used a public library was maintained in 2009-10 at 48 per cent, which was below the target of 53 per cent. However, Albertans who had someone in their household use a public library increased substantially from 63 per cent in 2008-09 to 67 per cent in 2009-10. This may indicate an increase in use of public libraries by children and young people. Respondents with university education, living in households with children 7 to 12 years of age, or 18 to 24 years of age, were significantly more likely to report that they used a public library in the past 12 months.

In-person use of public libraries is one indicator of public library use in Alberta. Statistics collected from public library boards indicate a steady increase of people using the "virtual branch" of the library online in addition to using the physical library. This online capability through the Internet and the SuperNet (the government-sponsored broadband network), along with interlibrary sharing, allows Albertans to have greater access to library materials from across the province through their local public library.

GOAL 5: A comprehensive system of safety codes and standards that provides an appropriate level of public safety

Linked to Core Business 2 – Coordinate and encourage the safety system to support the development and maintenance of safe communities

Permitting and Inspection Services in Unaccredited Municipalities

The ministry was required to take on a greater role in the provision of safety codes inspection and permit services to unaccredited municipalities after the cancellation of a contract between Municipal Affairs and one of the province's largest private inspection agencies. Ministry staff reviewed approximately 4,000 open permit files, completed inspections and began closing files. This work is expected to be complete in 2010-11.

Tank Site Remediation Program

The Tank Site Remediation Program was established to clean up eligible current or former gas station sites contaminated by leaking underground petroleum storage tanks. Commencing April 1, 2009, no new applicants were accepted into the program and budgeted funds were used to continue remediation of sites already accepted into the program. In March 2010, the 2010-11 budget was approved with $2 million in funding for the program. This enabled the department to extend funding for expiring grant agreements, keeping more sites in the program. In 2009-10, the program assisted in the remediation of 38 sites bringing the total number of sites remediated to 854.

Private Sewage Disposal Systems

The province adopted a new Private Sewage Standard of Practice. The new standard increases focus on the treatment rather than disposal of sewage. It incorporates new design standards and enables the use of new technologies to address the suitability of systems to specific sites. Required update training on the new standards is being delivered to safety codes officers who inspect systems, and to certified installers.

Trade, Investment and Labour Mobility Agreement

Throughout the year, the ministry worked with its British Columbia counterparts to review regulatory changes in both provinces to ensure consistency with the Trade, Investment and Labour Mobility Agreement. Three regulations were amended to allow Alberta to recognize workers certified in other provinces – the Certification and Permit Regulation, Permit Regulation, and Pressure Welders Regulation. The ministry completed development of a jurisprudence exam that British Columbia's certified Registered Onsite Wastewater Practitioners must successfully complete before being certified as Private Sewage System Installers in Alberta under this agreement. The ministry completed development of a jurisprudence exam, administered by the Safety Codes Council, to ensure equivalent to Master Electricians from BC are aware of Alberta-specific legislation.

Educating Safety Codes Practitioners

The ministry presented a number of seminars to educate and support safety codes inspectors from across the province. These seminars help keep inspectors from municipalities, agencies and corporations up-to-date on the latest developments in safety codes and their application. In addition, these information sessions were expanded to include industry groups and interested members of the public.

Updated Standards for Supportive Living Facilities

The ministry provided input to the *Supportive Living Accommodation Licensing Act*, and to the updated Supportive Living Accreditation Standards, completed in April 2010. *Safety Codes Act* requirements are strengthened and given higher profile in the new accommodation standards.

Energy Codes

In 2009, Municipal Affairs and Alberta Environment designed and implemented a consultation through which stakeholders could voice their opinions on the inclusion of increased energy efficiency requirements in the Alberta Building Code (ABC). A report containing recommendations about how to best move forward with increased energy efficiency in the ABC is under consideration by the Government of Alberta. The consultation included an online survey and two stakeholder meetings representing construction and energy efficiency industries.

Master Electrician Certification Program

The ministry developed and completed a contract for the Electrical Contractors Association of Alberta to provide services to support delivery of the Master Electricians Program, under the administration of Municipal Affairs.

Safety Codes Act Review

The *Safety Codes Act* has governed the safety of Alberta's built environment since 1994. To ensure Alberta's safety codes system remains strong, a multi-year review of this *Act* was initiated in 2009 to deal with a variety of topics. The scope of the review includes the authority provided under the *Act*, its connection to other legislation, safety service delivery, enforcement mechanisms, land-use planning and other areas identified through a community risk management process. The Review will result in proposals for amendments to improve the accountability and effectiveness of the legislative framework and the safety codes system.

In November 2009, the government completed a comprehensive consultation process with over 1,100 safety system stakeholders regarding possible revisions to the *Safety Codes Act*. The input received through this process will be taken into account as the government considers potential changes to the safety system and the *Safety Codes Act*.

The objective of the review is to ensure the *Safety Codes Act* is more responsive to the evolving needs of the province, industry, and the needs of Alberta's municipalities. Amendments are being proposed to improve accountability and effectiveness. The scope of the review includes areas relating to the built environment, land-use planning and other areas identified through a community risk management process.

Canadian Electrical Code

The ministry adopted the 2009 Canadian Electrical Code, which will improve electrical safety for children by requiring the installation of tamper-resistant receptacles (wall sockets) in all new homes.

Reclaimed Water Working Group

The Reclaimed Water Working Group, which is an inter-departmental committee led by Municipal Affairs, has a mandate to develop a management framework that facilitates the safe use of reclaimed water for domestic applications, such as toilet or urinal flushing and landscape irrigation, in Alberta. To assist in developing this framework, the working group has undertaken research to determine the risks and benefits associated with using reclaimed water, and how it is regulated in other jurisdictions. The working group met with and made presentations to representatives from municipalities, industry, and other organizations to gather ideas and information about using reclaimed water for domestic applications in Alberta. To support the working group's activities, Municipal Affairs provided grants to the Canadian Standards Association to help develop a standard for non-potable water treatment systems and to the University of Guelph for guidelines on residential rainwater harvesting systems.

GOAL 6: A province-wide fire and emergency management system that protects the people of Alberta, their property, the environment and the economy from the effects of emergency events

Linked to Core Business 3 – Lead a high performance provincial fire and emergency management system

Major Emergency Events

The Government Emergency Operations Centre (GEOC) was activated in response to the following major emergency events:

- In April 2009, to support and coordinate activities between the municipalities and First Nations responding to wildfires in the Hobbema area.
- During the months of April and May 2009, to monitor and provide planning assistance during the first wave of the H1N1 Influenza Pandemic.
- In May 2009, to provide support and coordinate activities between the municipalities and First Nations to address numerous wildfires throughout the province.
- In August to assist municipalities and provide support around severe weather events impacting the City of Camrose, Clearwater County, the Village of Nordegg, the Town of Rocky Mountain House and the Town of Carstairs.
- In August 2009, responding to a request for available equipment and manpower from the Province of British Columbia, to assist with wildfires that were severely taxing resources in that province.
- In November and December 2009, to monitor, provide planning assistance and assist Alberta Health and Wellness and Alberta Health Services with their immunization program during the second wave of the H1N1 Influenza Pandemic.
- In January 2010, to assist the Government of Canada with their international response to the Haiti Earthquake and the repatriation of Canadians.
- During the months of February and March 2010, in response to the Hythe Well Blowout, to provide support for the efforts of the Energy Resources Conservation Board and Alberta Environment, and to facilitate communications between all local stakeholders within the Emergency Management System.

Cross Government Coordination Team

The Cross Government Coordination Team, comprised of representatives from six ministries, was activated in October 2009 during the Workers' Compensation Board hostage taking incident due to numerous impacts to government staff and facilities. The ministry conducted a cross-government post operations review of the incident and developed a report with recommendations for improved coordination within government for similar types of events.

Emergency Management Decision Support Initiative

The Emergency Management Decision Support Initiative is an application that helps stakeholders manage emergencies through coordinated incident reporting and resource allocation, and comprehensive mapping capabilities. This application is now used on a day-to-day basis in the Agency Response Readiness Centre, and for all activations of the Government Emergency Operations Centre. Independent instances of the application have been launched for the Alberta Security and Strategic Intelligence Support Team at Solicitor General and Public Security and for the University of Alberta. Focus has shifted to the rollout to Government of Alberta partners, municipalities, First Nations and other Emergency Management System partners.

Youth Injury Prevention Symposium

The ministry held a Youth Injury Prevention Symposium in Vermilion from July 17 to 19, 2009. The symposium brought together 200 youths aged 15 to 22 from across the province to discuss and develop long term visions in the five subject areas of fire prevention, disaster preparedness, suicide, motor vehicle collisions, and risk tolerance. The intent of the symposium was to engage the youth demographic and encourage them to contribute to Alberta's vision of safe communities.

Fire and Emergency Services Training Initiative

The ministry launched and made significant progress on the Fire and Emergency Services Training Initiative (FESTI). This initiative was established to review the training accreditation, standards and certification processes affecting the five disciplines within the Emergency Management System including fire, search and rescue, disaster social services, amateur radio and emergency preparedness disciplines. FESTI is also examining strategies to improve access to emergency management system training through improved training delivery models and strategies.

Emergency Public Warning System Modernization Project

Stakeholder consultations were completed and a request for proposal process was undertaken to allow for the modernization of the present Emergency Public Warning System. The enhanced system will use digital technology, and warnings will be provided in text and audio – through increased distribution channels. The project will increase the number of Albertans who receive warnings and alerts, and reduce system failures.

Regional Emergency Partnership Grants

The benefits of regional emergency responses are to ensure more consistent, timely and cost effective responses to emergency situations in rural Alberta by ensuring that the best situated team can respond to an emergency regardless of where it occurs. Benefits include standardizing training and administration across regional areas, and centralizing and reducing the administrative burden on individual municipalities for emergency preparedness and responses. Examples of the ministry's support to regional emergency partnerships include:

- Supported the Beaver County Regional Fire Services Partnership, which will create a regional services commission named the Beaver Emergency Services Commission and evaluate the effectiveness of municipalities of varying size and resources collaborating in the development and implementation of regional fire and emergency services management using the commission governance model.
- Supported the Grande Prairie Regional Emergency Partnership, which is developing a collaborative regional emergency management response system and will evaluate the possibility of having this partnership eventually extend to involve industrial partners and the Horse Lake First Nation.

Liability and Disability Insurance Coverage

The ministry continues to work with Search and Rescue Alberta to address the liability and disability insurance coverage issues presently facing Search and Rescue organizations within Alberta. The ministry is also working with them on other initiatives, standards, accreditation and certification, and working with the RCMP in co-ordinating the tasking of search and rescue teams.

Alberta Emergency Partners Symposium

The 2010 Government of Alberta Emergency Partners Symposium was held March 10 in Edmonton, with a goal to strengthen the Government of Alberta emergency management teamwork and increase response effectiveness/readiness. Approximately 130 government consequence management officers, partner/ministry field staff and Alberta Emergency Management Agency representatives attended.

Emergency Management Stakeholders Summit

The third annual Emergency Management Stakeholders Summit was held in Calgary on November 3 and 4, 2009, with over 300 emergency management system stakeholders attending. The summit facilitated large forum discussions, consultations and development of recommendations on six emergency management streams: Recovery, Major Emergencies, Education and Training, Incident Command System, Emergency Dispatch and Health Emergencies.

Other Key Results

Other significant results that were achieved in 2009-10 included:

- $500,000 was granted to 22 regional fire training organizations for the 2009-10 fiscal-year to deliver municipal fire services training.
- $150,000 was granted to 40 municipalities for emergency management training.
- $150,000 was granted to 16 search and rescue organizations for search and rescue service training.
- $14 million was allocated to three disaster recovery programs that were launched to assist residents, small businesses and municipal governments recover from uninsurable damage caused by severe storms and to five municipal wildfire assistance programs to assist municipalities with the costs of fighting wildfires outside the Forest Protection Area.
- The ministry facilitated the approval of 42 municipal requests for federal Joint Emergency Preparedness Program grants, totalling over $533,000.
- In October 2009 and February 2010, the ministry-led cross-government business continuity exercises to test and maintain the Government of Alberta Business Continuity Plan.
- The ministry led the consolidation and refinement of the Government of Alberta essential services list in support of H1N1 pandemic planning efforts.

- Passing of Bill 6 the *Emergency Management Amendment Act*, 2010 which:
  - Amended the definition of "local authorities" to include regional service commissions and regionally organized emergency management partnerships. These entities are now provided with the same authorities and responsibilities as local authorities. This will assist in sustaining and enhancing municipal services in areas that have limited resources by permitting municipalities to share their resources.
  - Allowed summer villages to enter into agreements to delegate their authority under the *Act* to a different local authority which has the resources to provide emergency management services. This allows for a more streamlined and efficient approach to emergency management in summer villages and address the capacity issues of these unique municipalities.
  - Clarified accountability of payment for intentional damage or destruction of real or personal property during an emergency or disaster.
  - Provided search and rescue workers and their organizations with immunity from legal liability when acting in good faith. This aligns with similar immunity currently provided under the *Municipal Government Act* for individual firefighters and municipal fire services; and assists in mitigating the increasing recruitment and retention issues these organizations are experiencing.
  - Changed the "gross negligence" standard to one of good faith for the Minister, officials, and persons acting on the Minister's direction or authority; and during a state of emergency, for a local authority, a member of a local authority, and persons appointed by a local authority.
- In response to an Alberta Urban Municipalities Association resolution on 911 service, the ministry is leading a cross-ministry working group that is analyzing all relevant policy options.

Expense by Function

Ministry of Municipal Affairs
For the year ended March 31, 2010
(thousands of dollars)

	2010		2009
	Budget	**Actual**	**Actual**
			(Restated)
Protection of Persons and Property	$ 29,058	$ 47,707	$ 53,453
Regional Planning and Development	488,850	482,869	592,829
General Government	42,213	39,557	36,867
Recreation and Culture	31,859	33,178	21,649
	$ 591,980	**$ 603,311**	**$ 704,798**

FINANCIAL INFORMATION

Financial Statements for the year ended March 31, 2010

45 Ministry of Municipal Affairs Financial Statements

63 Department of Municipal Affairs Financial Statements

85 Safety Codes Council Financial Statements

98 Statement of Revenues and Expenditures of the Improvement Districts' Trust Account – Summary UNAUDITED*

100 Special Areas Trust Account Financial Statements

**NOTE: The unaudited financial information being presented here was derived from the December 31, 2009, financial statements of each Improvement District.*

Ministry of Municipal Affairs

Consolidated Financial Statements

March 31, 2010

Auditor's Report
Consolidated Statement of Operations
Consolidated Statement of Financial Position
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements
Schedules to the Consolidated Financial Statements:
1 Revenues
2 Expenses- Directly Incurred Detailed by Object
3 Budget
4 Related Party Transactions
5 Allocated Costs

Auditor's Report

AUDITOR GENERAL
Alberta

To the Members of the Legislative Assembly

I have audited the consolidated statements of financial position of the Ministry of Municipal Affairs as at March 31, 2010 and 2009 and the consolidated statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher]

CA
Auditor General

Edmonton, Alberta
June 10, 2010

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31
(in thousands)

	2010		2009
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 26,000	$ 26,000	$ 26,000
Transfers from the Government of Canada	-	(12,540)	2,054
Premiums, Fees and Licences	458	237	485
Other Revenue	2,118	20,563	2,943
Net Loss from Commercial Operations	(1,211)	(702)	(919)
	27,365	33,558	30,563
Expenses - Directly Incurred (Note 2c and Schedule 5)			
Voted (Schedule 2)			
Ministry Support Services	13,017	11,576	12,011
Local Government Services	513,943	506,584	613,120
Public Safety	14,435	13,901	16,439
Alberta Emergency Management Agency	14,540	33,894	37,014
Municipal Government Board	3,992	4,299	4,230
Library Services	31,853	33,194	21,649
	591,780	603,448	704,463
Statutory (Schedule 2)			
Valuation Adjustments			
Provision for Doubtful Accounts	-	7	-
Provision for Vacation Pay	200	(144)	335
	200	(137)	335
	591,980	603,311	704,798
Net Operating Results	$ (564,615)	$ (569,753)	$ (674,235)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands)

	2010	2009
ASSETS		
Cash and Cash Equivalents	$ 4	$ -
Accounts Receivable (Note 4)	104,342	115,671
Loans and Advances	9	9
Tangible Capital Assets (Note 6)	3,777	3,030
Deferred Charge	15	48
Equity in Commercial Operations (Note 3)	4,552	5,254
	$ 112,699	$ 124,012
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 98,797	$ 81,982
NET ASSETS		
Net Assets at Beginning of Year	42,030	26,467
Net Operating Results	(569,753)	(674,235)
Net Financing Provided from General Revenues	541,625	689,798
Net Assets at End of Year	13,902	42,030
	$ 112,699	$ 124,012

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF CASH FLOWS
As at March 31
(in thousands)

	2010 Actual	2009 Actual
Operating Transactions		
Net Operating Results	$ (569,753)	$ (674,235)
Non-cash items included in Net Operating Results:		
Amortization	1,423	1,526
Deferred Charge	33	63
Valuation Adjustments	(137)	335
Net Loss from Commercial Operations	702	919
	(567,732)	(671,392)
Changes in Working Capital		
Decrease (Increase) in Accounts Receivable	11,322	(2,089)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	16,959	(14,692)
Cash Applied to Operating Transactions	(539,451)	(688,173)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,170)	(1,934)
Cash Applied to Capital Transactions	(2,170)	(1,934)
Financing Transactions		
Net Financing Provided from General Revenues	541,625	689,798
Cash Provided by Financing Transactions	541,625	689,798
Increase (Decrease) in Cash and Cash Equivalents	4	(309)
Cash and Cash Equivalents, Beginning of Year	-	309
Cash and Cash Equivalents, End of Year	$ 4	$ -

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Assists municipalities in providing well-managed, collaborative, and accountable local government to Albertans.
- Administers a safety system that strives to ensure appropriate safety standards for the construction and maintenance of buildings and equipment.
- Manages the network of municipal and library system boards to provide province-wide access to high-quality public library services for Albertans.
- The Alberta Emergency Management Agency reports directly to the Minister and is responsible for co-ordinating a comprehensive, cross-government, all-hazards approach to managing emergencies in the province.
- The Municipal Government Board is an independent, quasi-judicial board that conducts hearings and renders decisions on such matters as property assessment, and provides recommendations to Cabinet on matters defined under the *Municipal Government Act*, such as contested annexations.
- Managing 2.8 million acres of public land in the Special Areas and provides municipal services to the dryland region in eastern Alberta through the Special Areas Board.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Ministries.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible. These consolidated financial statements include the accounts of the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*). The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these consolidated financial statements except by way of disclosure in Note 9.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the Safety Codes Council are reported on the modified equity basis, the equity being computed in accordance with generally accepted accounting principles.

The Ministry's Annual Report for the year ended March 31, 2010 includes the Safety Codes Council audited financial statements for the year ended December 31, 2009.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made. The Ministry recognizes Disaster Financial Assistance Arrangements revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of concern to the Government of Canada.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 5.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to cash, financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable $104,044 (2009-$115,665), the accrued liabilities for the Disaster Recovery Program $37,966 (2009-$47,466) and Tank Site Remediation Program $5,749 (2009-$9,078), as disclosed in these consolidated financial statements are subject to measurement uncertainty.

The Government of Canada accounts receivable is mainly related to Disaster Recovery Programs $101,367 (2009-$113,888) that meet the eligibility criteria of the Disaster Financial Assistance Arrangements. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the actual disaster costs to the estimated disaster costs. These changes can be attributed to such factors as construction cost fluctuations, receipt of eligible claims, and the level of work and time time required to recover from disaster events.

NOTE 3 EQUITY IN COMMERCIAL OPERATIONS

(in thousands)

For the year ended December 31:

	2009	2008 (Restated)
Equity in Commercial Operations, Beginning of Year	$ 5,254	$ 6,173
Total Revenues	4,513	4,584
Total Expenses	(5,215)	(5,503)
Equity in Commercial Operations, End of Year	$ 4,552	$ 5,254

Equity in commercial operations is soley the Safety Codes Council.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2010			2009
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 104,044	$ -	$ 104,044	$ 115,665
Other	391	(93)	298	6
	$ 104,435	$ (93)	$ 104,342	$ 115,671

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable (other than Disaster Recovery accounts receivable), advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable $101,367 (2009-$113,888), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the Ministry believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Ministry is unable to estimate the fair value.

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	2010			2009
	Equipment	Computer hardware and software	Total	Total
Estimated useful life	10 years	5 years		
Historical Cost				
Beginning of year	$ 1,848	$ 13,681	$ 15,529	$ 15,531
Additions	470	1,700	2,170	1,934
Disposals, including write-downs	-	-	-	(1,936)
	$ 2,318	$ 15,381	$ 17,699	$ 15,529
Accumulated Amortization				
Beginning of year	$ 1,089	$ 11,410	$ 12,499	$ 12,909
Amortization expense	217	1,206	1,423	1,526
Effect of disposals	-	-	-	(1,936)
	$ 1,306	$ 12,616	$ 13,922	$ 12,499
Net book value at March 31, 2010	$ 1,012	$ 2,765	$ 3,777	
Net book value at March 31, 2009	$ 759	$ 2,271		$ 3,030

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2010	2009
Operating Expense		
Service Contracts	$ 30,640	$ 12,196
Agreements [1]	10,003,894	10,312,537
Long-Term Leases	-	7
	$ 10,034,534	$ 10,324,740

[1] Included in agreements is an amount of $10,000,000 for the Municipal Sustainability Initiative. This is an agreement which began in 2007-08 between the Ministry of Municipal Affairs and Alberta municipalities for capital and operating purposes. The funding is subject to the annual appropriation of the Legislature.

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Agreements	Total
2010-11	$ 11,589	$ 879,861	$ 891,450
2011-12	8,528	886,033	894,561
2012-13	5,295	928,000	933,295
2013-14	5,228	1,400,000	1,405,228
2014-15	-	1,400,000	1,400,000
Thereafter	-	4,510,000	4,510,000
	$ 30,640	$ 10,003,894	$10,034,534

NOTE 8 CONTINGENT LIABILITIES

($ in thousands)

At March 31, 2010 the Ministry is a defendant in seven legal claims (2009 – nine legal claims). Three of these claims have specified amounts totalling $51,266 and the remaining four have no specified amount (2009 – six claims with a specified amount of $53,891 and three with no specified amount). Included in the total legal claims are three claims amounting to $50,166 (2009 – six claims amounting to $53,386) in which the Ministry has been jointly named with other entities. None of the claims (2009 – three claims amounting to $3,220) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's consolidated financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the unaudited financial statements of the trust funds for December 31, 2009 and December 31, 2008 are as follows:

	2009	2008 (Restated)
Special Areas Trust Account	$ 207,054	$ 195,079
Improvement Districts' Trust Account	6,768	5,686
	$ 213,822	$ 200,765

NOTE 10 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry has entered into agreements to deliver programs and services:

- The Federal Office of Critical Infrastructure Protection and Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.
- The National Search and Rescue Secretariat to deliver search and rescue projects under the Federal Government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- Emergency Services Workers Agreement allows for the partial recovery of Workers' Compensation Board (WCB) costs.

Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $2,678 (2009 - $1,777) and accounts payable includes $2,458 (2009 -$822) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	2010	2009
Joint Emergency Preparedness Program	$ 483	$ 869
First Nations Emergency Planning Program	1,243	568
Emergency Services Workers Agreement	41	-
	$ 1,767	$ 1,437

NOTE 11 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,694 for the year ended March 31, 2010 (2009 - $3,439).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 - deficiency $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 deficiency - $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 - deficiency $7,111).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $ 8,335 (2009 – deficiency $33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of $ 7,431 (2009 – deficiency $1,051). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 12 COMPARITIVE FIGURES

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

NOTE 13 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
Revenues
Year ended March 31
(in thousands)

Schedule 1

	2010		2009
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 26,000	$ 26,000	$ 26,000
Transfers from the Government of Canada			
Disaster Assistance Programs	-	(12,521)	2,091
Other	-	(19)	(37)
	-	(12,540)	2,054
Premiums, Fees and Licences	458	237	485
Other Revenue			
Dedicated Revenue Initiatives	1,937	1,937	1,827
Refunds of Expenditure	181	18,618	1,113
Miscellaneous	-	8	3
	2,118	20,563	2,943
Net Loss from Commercial Operations	(1,211)	(702)	(919)
	$ 27,365	$ 33,558	$ 30,563

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed by Object
Year ended March 31
(in thousands)

Schedule 2

	2010		2009
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 43,614	$ 39,070	$ 38,941
Supplies and Services	21,682	23,237	27,995
Grants	524,122	539,598	635,883
Financial Transactions and Other	91	120	118
Amortization of Tangible Capital Assets	2,271	1,423	1,526
Total Voted Expenses	$ 591,780	$ 603,448	$ 704,463
Statutory:			
Valuation Adjustments			
Provision for Doubtful Accounts	$ -	$ 7	$ -
Provision for Vacation Pay	200	(144)	335
	$ 200	$ (137)	$ 335

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Budget
Year ended March 31
(in thousands)

Schedule 3

	2009-2010				
	Estimates	Adjustments (a)	Budget	Supplementary (b)	Authorized Budget
Revenues					
Internal Government Transfers	$ 26,000	$ -	$ 26,000	$ -	$ 26,000
Transfers from the Government of Canada	-	-	-	-	-
Premiums, Fees and Licences	458	-	458	-	458
Other Revenue	2,118	-	2,118	-	2,118
Net Loss from Commercial Operations	(1,211)	-	(1,211)	-	(1,211)
	27,365	-	27,365	-	27,365
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	13,017	-	13,017	(370)	12,647
Local Government Services	513,943	545	514,488	(3,219)	511,269
Public Safety	14,435	-	14,435	(392)	14,043
Alberta Emergency Management Agency	14,540		14,540	19,867	34,407
Municipal Government Board	3,992	-	3,992	(18)	3,974
Library Services	31,853	-	31,853	(27)	31,826
	591,780	545	592,325	15,841	608,166
Statutory Expenses					
Valuation Adjustments					
Provision for Vacation Pay	200	-	200	-	200
	591,980	545	592,525	15,841	608,366
Net Operating Results	$ (564,615)	$ (545)	$ (565,160)	$ (15,841)	$ (581,001)
Equipment/Inventory Purchases (EIP)	$ 2,190	$ -	$ 2,190	$ (500)	$ 1,690

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceed the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(b) Supplementary Estimates were approved on March 1, 2010.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31
(in thousands)

Schedule 4

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2010	2009
Revenues		
Lottery Fund	$ 26,000	$ 26,000
Fees and charges	88	-
	$ 26,088	$ 26,000
Expenses - Directly Incurred		
Business and Technology Services	314	296
Insurance	94	74
Other Services	433	-
	$ 841	$ 370

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31
(in thousands)

Schedule 4
(continued)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements but are disclosed in Schedule 5.

	Other Entities	
	2010	2009
Expenses - Incurred by Others (Schedule 5)		
Accommodation	$ 4,014	$ 5,677
Air Transportation/Executive Vehicles	169	150
Business Services	1,383	1,334
Legal	723	747
	$ 6,289	$ 7,908

The Ministry paid $39,099 (2009 - $36,416) of grants in place of taxes on behalf of other ministries.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31
(in thousands)

Schedule 5

	2010							2009
		Expenses - Incurred by Others			Valuation Adjustments (5)			
Program	Expenses (1)	Accommodation Costs (2)	Business Services (3)	Legal Services (4)	Vacation Pay	Doubtful Accounts	Expenses	Expenses
Ministry Support Services	$ 11,576	$ 755	$ 1,552	$ 131	$ 45	$ -	$ 14,059	$ 14,708
Local Government Services	506,584	1,634	-	388	(15)	7	508,598	615,981
Public Safety	13,901	774	-	79	(56)	-	14,698	17,767
Alberta Emergency Management Agency	33,894	564	-	116	(32)	-	34,542	37,876
Municipal Government Board	4,299	201	-	8	(70)	-	4,438	4,640
Library Services	33,194	86	-	1	(16)	-	33,265	21,734
	$ 603,448	$ 4,014	$ 1,552	$ 723	$ (144)	$ 7	$ 609,600	$ 712,706

(1) Expenses – Directly Incurred as per Consolidated Statement of Operations, excluding valuation adjustments.

(2) Cost shown for Accommodation on Schedule 4, allocated by number of employees.

(3) Business Services includes financial and administrative services and air transportation and executive vehicle services, allocated by estimated costs incurred in each program.

(4) Costs shown for Legal Services on Schedule 4, allocated by estimated costs incurred by each program.

(5) Valuation Adjustments as per Consolidated Statement of Operations. Provision for Doubtful Accounts and Provision for Vacation Pay included in Valuation Adjustments were allocated as follows:
- Vacation Pay - allocated to the program by employee,
- Doubtful Accounts Provision - estimated allocation to program.

Department of Municipal Affairs

Financial Statements

March 31, 2010

Auditor's Report
Statement of Operations
Statement of Financial Position
Statement of Cash Flows
Notes to the Financial Statements
Schedules to the Financial Statements:

1 Revenues
2 Credit or Recovery
3 Expenses- Directly Incurred Detailed by Object
4 Budget
5 Comparison of Expenses- Directly Incurred, EIP and Capital Investment, Statutory Expenses, and Non-Budgetary Disbursements by Element to Authorized Budget
6 Salary and Benefits Disclosure
7 Related Party Transactions
8 Allocated Costs

Auditor's Report

To the Minister of Municipal Affairs

I have audited the statements of financial position of the Department of Municipal Affairs as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department of Municipal Affairs as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher]

CA
Auditor General

Edmonton, Alberta
June 10, 2010

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF OPERATIONS
Year ended March 31
(in thousands)

	2010		2009
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 26,000	$ 26,000	$ 26,000
Transfers from the Government of Canada	-	(12,540)	2,054
Premiums, Fees and Licences	458	237	485
Other Revenue	2,118	20,563	2,943
	28,576	34,260	31,482
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	13,017	11,576	12,011
Local Government Services	513,943	506,584	613,129
Public Safety	14,435	13,901	16,439
Alberta Emergency Management Agency	14,540	33,894	37,014
Municipal Government Board	3,992	4,299	4,230
Library Services	31,853	33,194	21,649
	591,780	603,448	704,463
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Provision for Doubtful Accounts	-	7	-
Provision for Vacation Pay	200	(144)	335
	200	(137)	335
	591,980	603,311	704,798
Net Operating Results	$ (563,404)	$ (569,051)	$ (673,316)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands)

	2010	2009
ASSETS		
Cash and Cash Equivalents	$ 4	$ -
Accounts Receivable (Note 3)	104,342	115,671
Loans and Advances	9	9
Tangible Capital Assets (Note 5)	3,777	3,030
Deferred Charge	15	48
	$ 108,147	$ 118,758
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 98,797	$ 81,982
NET ASSETS		
Net Assets at Beginning of Year	36,776	20,294
Net Operating Results	(569,051)	(673,316)
Net Financing Provided from General Revenues	541,625	689,798
Net Assets at End of Year	9,350	36,776
	$ 108,147	$ 118,758

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF CASH FLOWS
Year ended March 31
(in thousands)

	2010 Actual	2009 Actual
Operating Transactions		
Net Operating Results	$ (569,051)	$ (673,316)
Non-cash items included in Net Operating Results:		
Amortization	1,423	1,526
Deferred Charge	33	63
Valuation Adjustments	(137)	335
	(567,732)	(671,392)
Changes in Working Capital		
Decrease (Increase) in Accounts Receivable	11,322	(2,089)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	16,959	(14,692)
Cash Applied to Operating Transactions	(539,451)	(688,173)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,170)	(1,934)
Cash applied to Capital Transactions	(2,170)	(1,934)
Financing Transactions		
Net Financing Provided from General Revenues	541,625	689,798
Cash Provided by Financing Transactions	541,625	689,798
Increase (Decrease) in Cash and Cash Equivalents	4	(309)
Cash and Cash Equivalents, Beginning of Year	-	309
Cash and Cash Equivalents, End of Year	$ 4	$ -

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31

NOTE 1 AUTHORITY AND PURPOSE

The Department of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Assists municipalities in providing well-managed, collaborative, and accountable local government to Albertans.
- Administers a safety system that strives to ensure appropriate safety standards for the construction and maintenance of buildings and equipment.
- Manages the network of municipal and library system boards to provide province-wide access to high-quality public library services for Albertans.
- The Alberta Emergency Management Agency reports directly to the Minister and is responsible for co-coordinating a comprehensive, cross-government, all-hazards approach to managing emergencies in the province.
- The Municipal Government Board is an independent, quasi-judicial board that conducts hearings and renders decisions on such matters as property assessment, and provides recommendations to Cabinet on matters defined under the *Municipal Government Act*, such as contested annexations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Municipal Affairs which is part of the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The other entity reporting to the Minister is the Safety Codes Council, the activities of which are not included in these financial statements. The Department is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 8 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Department's operations for which the Minister is accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made. The Department recognizes Disaster Financial Assistance Arrangements revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of concern to the Government of Canada.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to cash, financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable $104,044 (2009-$115,665), the accrued liabilities for the Disaster Recovery Program $37,966 (2009-$47,466) and Tank Site Remediation Program $5,749 (2009-$9,078), as disclosed in these financial statements are subject to measurement uncertainty.

The Government of Canada accounts receivable is mainly related to Disaster Recovery Programs $101,367 (2009-$113,888) that meet the eligibility criteria of the Disaster Financial Assistance Arrangements. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the actual disaster costs to the estimated disaster costs. These changes can be attributed to such factors as construction cost fluctuations, receipt of eligible claims, and the level of work and time time required to recover from disaster events.

NOTE 3 ACCOUNTS RECEIVABLE

(in thousands)

	2010			2009
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 104,044	$ -	$ 104,044	$ 115,665
Other	391	(93)	298	6
	$ 104,435	$ (93)	$ 104,342	$ 115,671

Accounts receivable are unsecured and non-interest bearing.

NOTE 4 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable (other than Disaster Recovery accounts receivable), advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable $101,367 (2009-$113,888), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the Department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Department is unable to estimate the fair value.

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	2010			2009
	Equipment	Computer hardware and software	Total	Total
Estimated useful life	10 years	5 years		
Historical Cost				
Beginning of year	$ 1,848	$ 13,681	$ 15,529	$ 15,531
Additions	470	1,700	2,170	1,934
Disposals, including write-downs	-	-	-	(1,936)
	$ 2,318	$ 15,381	$ 17,699	$ 15,529
Accumulated Amortization				
Beginning of year	$ 1,089	$ 11,410	$ 12,499	$ 12,909
Amortization expense	217	1,206	1,423	1,526
Effect of disposals	-	-	-	(1,936)
	$ 1,306	$ 12,616	$ 13,922	$ 12,499
Net book value at March 31, 2010	$ 1,012	$ 2,765	$ 3,777	
Net book value at March 31, 2009	$ 759	$ 2,271		$ 3,030

NOTE 6 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2010	2009
Operating Expense		
Service Contracts	$ 30,640	$ 12,196
Agreements [1]	10,003,894	10,312,537
Long-Term Leases	-	7
	$ 10,034,534	$ 10,324,740

[1] Included in agreements is an amount of $10,000,000 for the Municipal Sustainability Initiative. This is an agreement which began in 2007-08 between the Department of Municipal Affairs and Alberta municipalities for capital and operating purposes. The funding is subject to the annual appropriation of the Legislature.

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Agreements	Total
2010-11	$ 11,589	$ 879,861	$ 891,450
2011-12	8,528	886,033	894,561
2012-13	5,295	928,000	933,295
2013-14	5,228	1,400,000	1,405,228
2014-15	-	1,400,000	1,400,000
Thereafter	-	4,510,000	4,510,000
	$ 30,640	$ 10,003,894	$10,034,534

NOTE 7 CONTINGENT LIABILITIES

($ in thousands)

At March 31, 2010 the Department is a defendant in seven legal claims (2009 – nine legal claims). Three of these claims have specified amounts totalling $51,266 and the remaining four have no specified amount (2009 – six claims with a specified amount of $53,891 and three with no specified amount). Included in the total legal claims are three claims amounting to $50,166 (2009 – six claims amounting to $53,386) in which the Department has been jointly named with other entities. None of the claims (2009 – three claims amounting to $3,220) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 8 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the unaudited financial statements of the trust funds for December 31, 2009 and December 31, 2008 are as follows:

	2009	2008 (Restated)
Special Areas Trust Account	$ 207,054	$ 195,079
Improvement Districts' Trust Account	6,768	5,686
	$ 213,822	$ 200,765

NOTE 9 PAYMENTS UNDER AGREEMENT

(in thousands)

The Department has entered into agreements to deliver programs and services:

- The Federal Office of Critical Infrastructure Protection and Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.
- The National Search and Rescue Secretariat to deliver search and rescue projects under the Federal Government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- Emergency Services Workers Agreement allows for the partial recovery of Workers' Compensation Board (WCB) costs.

Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act,* Section 25. Accounts receivable includes $2,678 (2009 - $1,777) and accounts payable includes $2,458 (2009 -$822) relating to payments under agreement.

Amounts paid and payable under agreement are as follows:

	2010	2009
Joint Emergency Preparedness Program	$ 483	$ 869
First Nations Emergency Planning Program	1,243	568
Emergency Services Workers Agreement	41	-
	$ 1,767	$ 1,437

NOTE 10 DEFINED BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,694 for the year ended March 31, 2010 (2009 - $3,439).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 - deficiency $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 deficiency - $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 - deficiency $7,111).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $ 8,335 (2009 – deficiency $33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of $ 7,431 (2009 – deficiency $1,051). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 11 COMPARITIVE FIGURES

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Revenues
Year ended March 31
(in thousands)

Schedule 1

	2010		2009
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 26,000	$ 26,000	$ 26,000
Transfers from the Government of Canada			
Disaster Assistance Programs	-	(12,521)	2,091
Other	-	(19)	(37)
	-	(12,540)	2,054
Premiums, Fees and Licences	458	237	485
Other Revenue			
Dedicated Revenue Initiatives	1,937	1,937	1,827
Refunds of Expenditure	181	18,618	1,113
Miscellaneous	-	8	3
	2,118	20,563	2,943
	$ 28,576	$ 34,260	$ 31,482

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31
(in thousands)

Schedule 2

	2010		
	Authorized	Actual	(Shortfall)/ Excess
Linear Assessment Services	$ 1,937	$ 1,937	$ -

The Department prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The recovery revenues are reported as part of other revenues on the Statement of Operations.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed by Object
Year ended March 31
(in thousands)

Schedule 3

	2010		2009
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 43,614	$ 39,070	$ 38,941
Supplies and Services	21,682	23,237	27,995
Grants	524,122	539,598	635,883
Financial Transactions and Other	91	120	118
Amortization of Tangible Capital Assets	2,271	1,423	1,526
Total Voted Expenses	$ 591,780	$ 603,448	$ 704,463
Statutory:			
Valuation Adjustments			
Provision for Doubtful Accounts	$ -	$ 7	$ -
Provision for Vacation Pay	200	(144)	335
	$ 200	$ (137)	$ 335

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Budget
Year ended March 31
(in thousands)

Schedule 4

	2009-2010				
	Estimates	Adjustments (a)	Budget	Supplementary (b)	Authorized Budget
Revenues					
Internal Government Transfers	$ 26,000	$ -	$ 26,000	$ -	$ 26,000
Transfers from the Government of Canada	-	-	-	-	-
Premiums, Fees and Licences	458	-	458	-	458
Other Revenue	2,118	-	2,118	-	2,118
	28,576	-	28,576	-	28,576
Expenses - Directly Incurred					
Voted Expenses					
Ministry Support Services	13,017	-	13,017	(370)	12,647
Local Government Services	513,943	545	514,488	(3,219)	511,269
Public Safety	14,435	-	14,435	(392)	14,043
Alberta Emergency Management Agency	14,540		14,540	19,867	34,407
Municipal Government Board	3,992	-	3,992	(18)	3,974
Library Services	31,853	-	31,853	(27)	31,826
	591,780	545	592,325	15,841	608,166
Statutory Expenses					
Valuation Adjustments					
Provision for Vacation Pay	200	-	200	-	200
	591,980	545	592,525	15,841	608,366
Net Operating Results	$ (563,404)	$ (545)	$ (563,949)	$ (15,841)	$ (579,790)
Equipment/Inventory Purchases (EIP)	$ 2,190	$ -	$ 2,190	$ (500)	$ 1,690

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceed the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* .

(b) Supplementary Estimates were approved on March 1, 2010.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Schedule 5
Comparison of Expenses - Directly Incurred, EIP and Capital Investment, Statutory Expenses, and
Non-Budgetary Disbursements by Element to Authorized Budget
Year ended March 31
(in thousands)

		2009-2010						
		Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense	Unexpended (Over Expended)
Voted Expenses, EIP and Capital Investments								
1	**Ministry Support Services**							
1.0.1	Minister's Office	$ 462	$ -	$ 462	$ -	$ 462	$ 467	$ (5)
1.0.2	Deputy Minister's Office	753	-	753	(23)	730	695	35
1.0.3	Support Services							
	- Expense	11,802	-	11,802	(347)	11,455	10,419	1,036
	- EIP	100	-	100	-	100	69	31
Total Program 1		13,117	-	13,117	(370)	12,747	11,649	1,098
2	**Local Government Services**							
2.1	**Division Support**							
2.1.1	Division Support	2,331	545	2,876	(59)	2,817	2,745	72
2.2	**Municipal Services**							
2.2.1	Municipal Services							
	- Expense	12,824	-	12,824	(250)	12,574	10,841	1,733
	- EIP	568	-	568	-	568	1,158	(590)
2.3	**Assessment Services**							
2.3.1	Assessment Services							
	- Expense	10,713	-	10,713	(201)	10,512	9,282	1,230
	- EIP	522	-	522	-	522	474	48
2.4	**Financial Assistance Programs**							
2.4.1	Unconditional Municipal Grants	17,204		17,204		17,204	17,105	99
2.4.2	Municipal Debenture Interest Rebates	310	-	310	-	310	304	6
2.4.3	Grants in Place of Taxes	42,213	-	42,213	(731)	41,482	39,557	1,925
2.4.4	Financial Support to Local Authorities	10,648	-	10,648	-	10,648	11,702	(1,054)
2.4.5	Municipal Sponsorship	14,700		14,700	(1,978)	12,722	13,048	(326)
2.4.6	Municipal Sustainability Capital Grants	350,000	-	350,000	-	350,000	353,998	(3,998)
2.4.7	Municipal Sustainability Operating Grants							
	- Expense	24,000	-	24,000	-	24,000	20,892	3,108
	- Expense Funded by Lotteries	26,000	-	26,000	-	26,000	26,000	-
2.4.8	Capital Region Board	3,000	-	3,000	-	3,000	3,000	-
Total Program 2		515,033	545	515,578	(3,219)	512,359	508,216	4,143
3	**Public Safety**							
3.1	**Division Support**							
3.1.1	Division Support	1,633	-	1,633	(392)	1,241	1,063	(177)
3.2	**Safety Services**							
3.2.1	Program Management	371	-	371	-	371	347	24
3.2.2	Technical Services	2,147	-	2,147	-	2,147	1,925	222
3.2.3	Regional Services	4,138	-	4,138	-	4,138	3,861	277
3.2.5	Tank Site Remediation Program	6,146	-	6,146	-	6,146	5,925	221
Total Program 3		14,435	-	14,435	(392)	14,043	13,901	142

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, EIP and Capital Investment, Statutory Expenses, and Non-Budgetary Disbursements by Element to Authorized Budget
Year ended March 31
(in thousands)

Schedule 5
(continued)

	2009-2010						
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized Budget	Actual Expense	Unexpended (Over Expended)
Voted Expenses, EIP and Capital Investments							
4 Alberta Emergency Management Agency							
4.0.1 Managing Director's Office	1,501	-	1,501	(183)	1,318	1,258	60
4.0.2 Operations Support and Training	5,072	-	5,072		5,072	4,748	324
4.0.3 Planning and Operations							
- Expense	6,917	-	6,917	500	7,417	7,341	76
- EIP	1,000	-	1,000	(500)	500	469	31
4.0.4 Disaster Recovery	250		250	19,550	19,800	19,747	53
4.0.5 Emergency Preparedness Grants	800	-	800	-	800	800	-
Total Program 4	15,540	-	15,540	19,367	34,907	34,363	544
5 Municipal Government Board							
5.0.1 Municipal Government Board	3,992	-	3,992	(18)	3,974	4,299	(325)
Total Program 5	3,992	-	3,992	(18)	3,974	4,299	(325)
6 Library Services							
6.0.1 Library Services	1,634	-	1,634	(27)	1,607	2,464	(857)
6.0.2 Library Grants	30,219	-	30,219	-	30,219	30,730	(511)
Total Program 6	31,853	-	31,853	(27)	31,826	33,194	(1,368)
Grand Total	$ 593,970	$ 545	$ 594,515	$ 15,341	$ 609,856	$ 605,618	$ 4,238
Operating Expense	$ 565,780	$ 545	$ 566,325	$ 15,841	$ 582,166	$ 577,448	$ 4,718
Operating Expense Funded by Lotteries	26,000	-	26,000	-	26,000	26,000	-
	591,780	545	592,325	15,841	608,166	603,448	4,718
Equipment/Inventory Purchases	2,190	-	2,190	(500)	1,690	2,170	(480)
	$ 593,970	$ 545	$ 594,515	$ 15,341	$ 609,856	$ 605,618	$ 4,238
Statutory Expenses							
Valuation Adjustments	$ 200	$ -	$ 200	$ -	$ 200	$ (137)	$ 337

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual voted Expense, Equipment/Inventory Purchases and Capital Investment in the prior year exceed the authorized budget, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(b) Supplementary Estimates were approved on March 1, 2010.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year ended March 31

Schedule 6

	2010				2009
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Department					
Deputy Minister[4]	$ 264,069	$ -	$ 63,111	$ 327,180	$ 358,431
Assistant Deputy Ministers					
Local Government Services	176,853	-	42,897	219,750	235,044
Public Safety	182,326	-	43,698	226,024	237,691
Corporate Strategic Services	168,564	-	41,239	209,803	281,397
Alberta Emergency Management Agency					
Managing Director[4]	200,220	-	48,609	248,829	268,162

Prepared in accordance with Treasury Board Directive 12/98 as amended.

[1] Base salary includes pensionable base pay.

[2] Other cash benefits include vacation payouts. There were no bonuses paid in 2010.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

[4] Automobile provided, no dollar amount included in other non-cash benefits.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2010	2009	2010	2009
Revenues				
Lottery Fund	$ -	$ -	$ 26,000	$ 26,000
Fees and charges	-	-	88	-
	$ -	$ -	$ 26,088	$ 26,000
Expenses - Directly Incurred				
Grants	$ 750	$ -	$ -	$ -
Business and Technology Services	-	-	314	296
Insurance	-	-	94	74
Other Services	-	-	433	-
	$ 750	$ -	$ 841	$ 370
Payable to Safety Codes Council	$ 750	$ -	$ -	$ -

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31
(in thousands)

Schedule 7
(continued)

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2010	2009	2010	2009
Expenses - Incurred by Others (Schedule 8)				
Accommodation	$ -	$ -	$ 4,014	$ 5,677
Air Transportation/Executive Vehicles	-	-	169	150
Business Services	-	-	1,383	1,334
Legal	-	-	723	747
	$ -	$ -	$ 6,289	$ 7,908

The Department paid $39099 (2009 - $36,416) of grants in place of taxes on behalf of other ministries.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31
(in thousands)

Schedule 8

	2010							2009
		Expenses - Incurred by Others			Valuation Adjustments (5)			
Program	Expenses (1)	Accommodation Costs (2)	Business Services (3)	Legal Services (4)	Vacation Pay	Doubtful Accounts	Expenses	Expenses
Ministry Support Services	$ 11,576	$ 755	$ 1,552	$ 131	$ 45	$ -	$ 14,059	$ 14,708
Local Government Services	506,584	1,634	-	388	(15)	7	508,598	615,981
Public Safety	13,901	774	-	79	(56)	-	14,698	17,767
Alberta Emergency Management Agency	33,894	564	-	116	(32)	-	34,542	37,876
Municipal Government Board	4,299	201	-	8	(70)	-	4,438	4,640
Library Services	33,194	86	-	1	(16)	-	33,265	21,734
	$ 603,448	$ 4,014	$ 1,552	$ 723	$ (144)	$ 7	$ 609,600	$ 712,706

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(2) Cost shown for Accommodation on Schedule 7, allocated by number of employees.

(3) Business Services includes financial and administrative services and air transportation and executive vehicle services, allocated by estimated costs incurred in each program.

(4) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(5) Valuation Adjustments as per Statement of Operations. Provision for Doubtful Accounts and Provision for Vacation Pay included in Valuation Adjustments were allocated as follows:
- Vacation Pay - allocated to the program by employee,
- Doubtful Accounts Provision - estimated allocation to program.

Financial Statements of

SAFETY CODES COUNCIL

Year ended December 31, 2009

KPMG LLP
Chartered Accountants
Commerce Place
10125-102 Street
Edmonton, Alberta T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Safety Codes Council

We have audited the statement of financial position of Safety Codes Council as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Operating fees received from Municipalities and Agencies are collected on behalf of the Council the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of operating fees revenue received from Municipalities and Agencies was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to operating fees revenue, excess of revenues over expenditures, accounts receivable and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of operating fees from Municipalities and Agencies referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by KPMG LLP]

Chartered Accountants

Edmonton, Canada
February 25, 2010

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	$ 226,447	$ 347,998
Accounts receivable	386,646	291,794
Prepaid expenses and deposits	93,876	106,508
	706,969	746,300
Investments (note 2)	3,507,985	4,149,666
Capital assets (note 3)	829,235	980,877
	$ 5,044,189	$ 5,876,843
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 198,543	$ 281,162
Deferred lease inducement	52,471	58,962
Deferred contributions (note 4)	124,828	283,330
Contributions repayable (note 4)	116,467	-
	492,309	623,454
Net assets:		
Unrestricted	722,645	1,272,512
Internally restricted (note 5)	3,000,000	3,000,000
Invested in capital assets	829,235	980,877
	4,551,880	5,253,389
Commitments (note 6)		
	$ 5,044,189	$ 5,876,843

See accompanying notes to financial statements.

On behalf of the Council:

Member

Member

Member

SAFETY CODES COUNCIL

Financial Statements

Year ended December 31, 2009

Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Revenues:		
Operating fees:		
Municipalities and agencies	$ 3,140,970	$ 3,364,102
Corporations	378,000	378,311
Course and exam fees (note 4)	494,032	398,110
Investment income	306,786	220,171
Grants and contributions (note 4)	62,710	95,461
Certification (note 4)	40,553	29,081
Other revenues and recoveries	39,455	38,168
Annual conference	27,871	32,936
Designation of powers	15,525	18,475
Accreditation	4,200	2,800
Appeals	2,700	6,800
	4,512,802	4,584,415
Expenditures:		
Salaries and benefits	1,936,024	1,978,430
Contractors and consultants	1,484,480	1,284,805
Office rental	345,746	326,323
Annual conference	178,567	257,768
Amortization of capital assets	176,944	161,629
Course and seminar costs	166,355	226,335
Office and general	124,791	156,403
Publications	115,350	122,230
Travel	111,542	95,887
Electronic business solutions	96,693	137,082
New course version	91,972	215,335
Professional fees	60,730	57,219
Meetings	54,969	46,701
New course development	41,052	24,262
Insurance	39,258	36,418
Code update training	35,702	147,715
Bank and investment service charges	29,955	32,150
Special training programs	28,770	109,904
Test bank validations	27,338	12,582
Appeals	22,161	29,311
Consulting fees	15,356	13,389
Loss on disposal of capital assets	10,928	3,176
Electronic conversion	9,450	6,259
Honorariums	6,757	1,700
Corporate memberships	3,409	2,431
Office relocation	12	18,149
	5,214,311	5,503,593
Deficiency of revenues over expenditures	$ (701,509)	$ (919,178)

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

	Unrestricted	Internally restricted	Invested in capital assets	2009 Total	2008 Total
Balance, beginning of year	$ 1,272,512	$ 3,000,000	$ 980,877	$ 5,253,389	$ 6,172,567
Deficiency of revenues over expendtures	(513,637)	-	(187,872)	(701,509)	(919,178)
Investment in capital assets, net	(36,230)	-	36,230	-	-
Balance, end of year	$ 722,645	$ 3,000,000	$ 829,235	$ 4,551,880	$ 5,253,389

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenditures	$ (701,509)	$ (919,178)
Items not involving cash:		
Amortization of capital assets	176,944	161,629
Loss on disposal of capital assets	10,928	3,176
Changes in non-cash operating working capital:		
Accounts receivable	(94,852)	148,809
Prepaid expenses and deposits	12,632	688
Accounts payable and accrued liabilities	(82,619)	11,450
Deferred lease inducement	(6,491)	58,962
Deferred contributions	(158,502)	205,253
Contributions repayable	116,467	-
	(727,002)	(329,211)
Investing and financing activities:		
Purchase of investments	(305,319)	(918,018)
Proceeds from disposition of investments	947,000	2,166,499
Purchase of capital assets	(36,230)	(844,488)
	605,451	403,993
Increase (decrease) in cash	(121,551)	74,782
Cash, beginning of year	347,998	273,216
Cash, end of year	$ 226,447	$ 347,998
Supplemental cash flow information:		
Bank and investment service charges paid	$ 29,955	$ 32,150

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2009

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based council is comprised of a Council Chair, a Coordinating Committee (Board of Directors), a Technical Coordinating Committee and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

1. Significant accounting policies:

(a) Financial instruments and risk management:

The Council's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. Cash and investments are classified as held-for-trading and are measured at fair value. Accounts receivable and accounts payable and accrued liabilities are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method.

The Council does not have any derivatives that need to be recorded at fair value in its financial statements nor any embedded derivatives in its contractual arrangements that must be separated from the host contract and accounted for separately.

1. Significant accounting policies (continued):

(a) Financial instruments and risk management (continued):

Given the significance of the Council's investments, it has exposure to market risks from changes in interest rates and market prices. The Council limits its exposure to interest rate risk by investing in short-term notes and bonds of financially sound counter-parties with a weighted average credit quality rating of AA or higher. The Council does not use derivative instruments to alter the effects of interest or market price changes which affect its investments.

(b) Capital management:

The Council's objectives when managing capital are to safeguard the Council's ability to continue as a going concern, so that it can continue to provide service to stakeholders, including its members, to continue to promote and assist in the development of safety codes in Alberta.

The Council sets the sufficiency of capital to maintain the service needs of the stakeholders and makes adjustments to its capital, through appropriation to or from internally restricted funds to respond to potential changes in economic conditions. In order to maintain a sufficient capital structure, management looks forward to future needs and will recommend increased fees or adjustment of the investment portfolio mix.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

Internally developed intangible properties are capitalized when they meet the definition of an intangible asset.

1. Significant accounting policies (continued):

(d) Deferred lease inducement:

Deferred lease inducement represents the unamortized value of an inducement received when the Council entered into a new lease arrangement in 2008 for the rental of office space. Amortization is provided on a straight-line basis over the term of the related lease as a reduction in office rent.

(e) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operating fees from corporations and contributions relating to future years are reflected as deferred contributions.

Investment income includes interest income and realized and unrealized investment gains and losses.

Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

(f) Contributed services:

Alberta Municipal Affairs currently provides certain services to the Council including a monitoring service of accredited entities as part of the Municipal Support Program, at no cost. As a result of the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Investments:

	2009	2008
Cash and cash equivalents	$ 74,928	$ 12,635
Federal and provincial government bonds and coupons, with stated interest rates from 4.00% to 10.00% (2008 - 4.00% to 5.25%) and maturity dates up to 2012	1,730,600	1,916,935
Corporate bonds, debentures, and coupons, with stated interest rates of 4.25% to 6.80% (2008 - 4.25% to 6.80%) with maturity dates up to 2023	1,362,563	1,852,323
Corporate cumulative and non-cumulative preferred shares, with stated interest rates from 4.50% to 5.35% (2008 - 4.50% to 5.35%)	263,878	311,496
Canadian common shares	76,016	56,277
	$ 3,507,985	$ 4,149,666

3. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Furniture and fixtures	$ 208,340	$ 108,280	$ 100,060	$ 125,075
Equipment	38,639	17,920	20,719	25,899
Computer hardware	262,392	152,815	109,577	154,924
Computer software	172,829	83,878	88,951	104,128
Leasehold improvements	609,232	99,304	509,928	570,851
	$ 1,291,432	$ 462,197	$ 829,235	$ 980,877

3. Capital assets (continued):

In mid 2007, the Council began development of an IT application in support of the safety system known as eSite. On December 10, 2009, eSite was released to the user community. All costs incurred as part of the development of eSite were reflected as expenditures of the Council in the year incurred.

4. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for certification, designation of powers, courses and training, information technology and certification fees from corporations received in the current year that relate to future years. Changes in the deferred contributions balance are as follows:

2009	Operating fees	Education and training	Information technology	Certification revenue	Total
Balance, beginning of year	$ -	$ 21,495	$ 179,177	$ 82,658	$ 283,330
Amount received during the year	5,927	25,222	-	51,574	82,723
Amount recognized as revenue in the year	-	(21,495)	(62,710)	(40,553)	(124,758)
Amounts repayable at year end	-	-	(116,467)	-	(116,467)
Balance, end of year	$ 5,927	$ 25,222	$ -	$ 93,679	$ 124,828

2008	Education and training	Electronic Permitting System - PSDS enhancements	Certification revenue	Total
Balance, beginning of year	$ 19,067	$ -	$ 59,010	$ 78,077
Amount received during the year	21,495	274,638	52,729	348,862
Amount recognized as revenue in the year	(19,067)	(95,461)	(29,081)	(143,609)
Balance, end of year	$ 21,495	$ 179,177	$ 82,658	$ 283,330

5. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of $3,000,000 to minimize the impact of short-term fluctuations in operating fee revenues on its ability to meet its mandate. Access to the restricted net assets is granted by resolution of the Coordinating Committee.

6. Commitments:

The Council is committed under an operating lease for its office premises which expires April 30, 2018. The Council also leases photocopiers and a postage machine with related service contracts, expiring March 31, 2011 and August 2015.

2010	$ 210,370
2011	198,497
2012	194,659
2013	194,659

The Council is also responsible for their share of operating costs related to the office premises lease.

7. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial presentation adopted in the current year.

Improvement Districts' Trust Account
Summary Statement of Revenue and Expenditures
For the year ended December 31, 2009
(Unaudited)

	Improvement Districts						
	4	9	12	13	24	Kananaskis [a]	Total
Assets	$ 907,381	$ 5,633,255	$ 492,444	$ 230,745	$ 221,260	$ 3,141,216	$ 10,626,301
Liabilities	244,756	1,577,350	188,963	77,262	209,728	1,591,134	3,889,193
Net assets	$ 662,625	$ 4,055,905	$ 303,481	$ 153,483	$ 11,532	$ 1,550,082	$ 6,737,108
Revenues	$ 522,019	$ 1,774,593	$ 96,575	$ 129,730	$ 21,535	$ 1,682,622	$ 4,227,074
Expenditures	198,426	1,040,729	55,211	110,708	23,611	1,559,079	2,987,764
Excess / (Deficiency) of revenue over expenditure	$ 323,593	$ 733,864	$ 41,364	$ 19,022	$ (2,076)	$ 123,543	$ 1,239,310

Improvement District:

4	Waterton National Park
9	Banff National Park
12	Jasper National Park
13	Elk Island National Park
24	Wood Buffalo National Park

[a] Ministerial Order No. L:131/08 delegated the administration of the Kananaskis Improvement District to the Minister of Tourism, Parks and Recreation.

Improvement Districts' Trust Account
Detailed Statement of Revenue and Expenditures
For the year ended December 31, 2009
(Unaudited)

	Improvement Districts						
	4	9	12	13	24	Kananaskis	Total
REVENUES							
General Municipal:							
Taxation							
Real property	$ 338,655	$ 2,648,534	$ 32,656	$ 4,891	$ 3,266	$ 1,068,817	$ 4,096,819
Federal grants	101,583	648,028	52,305	34,673	22,794	10,628	870,011
Provincial grants	-	-	-	-	-	120,180	120,180
Power and pipeline	3,319	74,663	116,442	8,132	5,034	445,284	652,874
Penalties and costs	3,896	7,613	470	201	270	650	13,100
	447,453	3,378,838	201,873	47,897	31,364	1,645,559	5,752,984
Less payment of requisitions to:							
Alberta School Foundation Fund	302,507	1,760,187	114,694	18,776	9,952	642,733	2,848,849
Seniors Foundation	-	110,488	11,238	-	-	37,481	159,207
	302,507	1,870,675	125,932	18,776	9,952	680,214	3,008,056
General municipal taxes	144,946	1,508,163	75,941	29,121	21,412	965,345	2,744,928
Government transfers	318,351	75,497	17,596	100,000	-	82,582	594,026
Interest	822	16,875	3,038	609	123	11,305	32,772
Utility Services	-	-	-	-	-	458,451	458,451
Other	57,900	174,058	-	-	-	164,939	396,897
	$ 522,019	$ 1,774,593	$ 96,575	$ 129,730	$ 21,535	$ 1,682,622	$ 4,227,074
EXPENDITURES							
General Municipal:							
Administrative services	$ 32,053	$ 162,913	$ 18,905	$ 1,845	$ 1,168	$ 185,238	$ 402,122
Protective services	-	640,580	23,633	-	-	812,265	1,476,478
Transportation services	-	-	-	-	-	94,327	94,327
Assessment Fees	6,816	27,230	9,490	6,860	12,023	-	62,419
Grants	-	-	2,500	100,000	-	-	102,500
Recreation and cultural services	95,000	96,754	-	-	-	-	191,754
Utilities	-	9,689	-	-	-	17,697	27,386
Honorarium	6,850	43,375				10,114	60,339
Garbage collection and disposal	-	-	-	-	-	291,940	291,940
Amortization	-	56,962	-	-	-	113,874	170,836
Other expenditures	57,707	3,226	683	2,003	10,420	33,624	107,663
	$ 198,426	$ 1,040,729	$ 55,211	$ 110,708	$ 23,611	$ 1,559,079	$ 2,987,764
Excess / (Deficiency) of revenue over expenditure	$ 323,593	$ 733,864	$ 41,364	$ 19,022	$ (2,076)	$ 123,543	$ 1,239,310

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2009

Auditor's Report

Statements of Financial Position

Statements of Operations

Statements of Changes of Net Financial Assets

Statements of Cash Flows

Notes to the Financial Statements

Schedule of Investments

Schedule of Salaries and Benefits

Supplementary Net Financial Asset Information Schedule

Supplementary Unrestricted Accumulated Surplus Information Schedule

Supplementary Internally Restricted Accumulated Surplusses Information Schedule

Auditor's Report

To the Minister of Municipal Affairs

I have audited the statements of financial position of the Special Areas Trust Account as at December 31, 2009 and 2008 and the statements of operations, changes in net financial assets and cash flows for the years then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher]

CA
Auditor General

Edmonton, Alberta
August 24, 2010

SPECIAL AREAS TRUST ACCOUNT
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	2009	2008 (Restated) (Note 3)
Financial Assets		
Current:		
Cash (Note 4)	$ 29,019,032	$ 37,477,537
Accounts receivable, net (Note 5)	2,971,109	3,398,194
Due from Province of Alberta, net (Note 6)	208,823	-
Taxes receivable, net	569,480	281,206
	32,768,444	41,156,937
Non-current:		
Accounts receivable, net (Note 5)	17,274,541	3,602,480
Investments (Schedule 1)	26,627,403	25,408,664
Total Financial Assets	76,670,388	70,168,081
Liabilities		
Current:		
Accounts payable and accruals	2,270,097	4,894,769
Deferred revenues	536,181	482,596
Deferred provincial grant revenue (Note 7)	1,454,941	717,754
Due to Province of Alberta, net (Note 6)	-	3,741,266
Current portion of long term debt (Note 8)	1,732,020	693,777
	5,993,239	10,530,162
Non-current:		
Long term debt (Note 8)	15,393,775	7,468,652
Provision for gravel pit reclamation (Note 9)	1,740,000	1,640,000
Total Liabilities	23,127,014	19,638,814
Net Financial Assets (Schedule 3)	53,543,374	50,529,267
Non-financial Assets		
Capital assets (Schedule 4)	148,423,833	139,184,242
Inventories (Schedule 4)	5,155,042	5,435,803
Non-financial Assets (Note 10)	153,578,875	144,620,045
Accumulated Surplus (Note 11)	$ 207,122,249	$ 195,149,312

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009		2008
	BUDGET (Note 12)	ACTUAL	ACTUAL (Restated) (Note 3)
Revenue			
General municipal:			
Taxation			
Power and pipeline	$ 30,424,000	$ 31,015,478	$ 28,864,565
Real property	8,029,500	8,219,121	7,618,014
Grazing and cultivation	777,500	720,449	737,789
Penalties and costs on taxes	75,000	109,366	66,950
	39,306,000	40,064,414	37,287,318
Less amounts expended by transfers:			
Alberta School Foundation Fund	14,249,000	13,642,219	14,248,914
Seniors Foundation requisitions	3,019,000	3,354,667	2,913,318
	17,268,000	16,996,886	17,162,232
Net taxes for municipal purposes	22,038,000	23,067,528	20,125,086
Provincial grants (Note 13)	10,898,923	8,032,259	8,412,752
Leases (Note 14)	8,274,695	7,135,104	7,337,642
Interest	2,154,500	2,102,549	2,181,872
Tax recovery land sales	1,100,000	798,551	1,114,897
Other	2,462,309	2,694,181	2,904,217
Total revenue	**$ 46,928,427**	**$ 43,830,172**	**$ 42,076,466**
Expense			
General municipal:			
Transportation services	27,588,449	15,693,981	19,908,520
Administrative services	3,788,055	4,058,219	3,952,901
Recreational and cultural services	2,185,655	2,325,254	2,059,830
Agriculture and community development	3,092,634	2,040,856	3,930,867
Water and sanitation services	1,660,290	1,567,776	1,438,327
Protective services	1,212,290	1,185,867	1,261,108
Industrial tax transfers	225,000	240,071	224,200
Loss on sale of capital assets	-	109,802	259,981
Amortization	-	4,635,409	4,331,929
Total expense (Note 15)	**39,752,373**	**31,857,235**	**37,367,663**
Surplus for the year (Note 3)	**$ 7,176,054**	**$ 11,972,937**	**$ 4,708,803**
Accumulated surplus at beginning of year (Note 3)	195,149,312	195,149,312	190,440,509
Accumulated surplus at end of year	**$ 202,325,366**	**$ 207,122,249**	**$ 195,149,312**

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENTS OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2009

	2009		2008
	BUDGET (Note 12)	ACTUAL	ACTUAL (Restated) (Note 3)
Increase in surplus during the year	7,176,054	11,972,937	4,708,803
Acquisition of tangible capital assets	(6,079,775)	(14,184,251)	(13,506,019)
Loss on sale of tangible capital assets	-	109,802	259,981
Proceeds on disposal of tangible capital assets	192,200	199,449	2,225,988
Amortization of tangible capital assets	-	4,635,409	4,331,929
Change in inventory	-	280,761	-
	1,288,479	3,014,107	(1,979,318)
Net financial assets, beginning of year	50,529,267	50,529,267	52,508,585
Net financial assets, end of year	51,817,746	53,543,374	50,529,267

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008 (Restated) (Note 3)
Operating activities:		
Surplus for the year	$ 11,972,937	$ 4,708,803
Amortization of investment premiums, less discounts	122,088	100,043
Gain on sale of investments	(218,591)	(65,119)
Amortization of capital assets	4,635,409	4,331,929
Loss on sale of capital assets	109,802	259,981
Increase in provision for gravel pit reclamation	100,000	90,000
	16,721,645	9,425,637
Changes in non-cash operating items:		
Accounts receivable	427,085	1,900,349
Taxes receivable, net	(288,274)	78,461
Accounts payable and accruals	(2,624,672)	2,233,880
Deferred lease revenue	53,585	(4,688)
Deferred provincial grant revenue	737,187	(1,626,471)
Due to Province of Alberta, net	(3,950,089)	2,453,351
Current portion of long term debt	1,038,243	693,777
Inventories	280,761	-
	(4,326,174)	5,728,659
Cash provided by operating activities	12,395,471	15,154,296
Capital activities:		
Sale of capital assets	199,449	2,225,988
Purchase of capital assets	(14,184,251)	(13,506,019)
Cash applied to capital activities	(13,984,802)	(11,280,031)
Investing activities:		
Net change in non - current accounts receivable	(13,672,061)	167,121
Proceeds from redemption of investments	7,038,329	6,980,419
Purchase of investments	(8,160,565)	(5,649,582)
Cash (applied to) provided by investing activities	(14,794,297)	1,497,958
Financing activities:		
Long term debt issued	8,766,027	7,639,223
Long term debt repaid	(840,904)	(170,571)
Increase in pension liability	-	-
Cash provided by financing activities	7,925,123	7,468,652
(Decrease) increase in cash	(8,458,505)	12,840,875
Cash at the beginning of year	37,477,537	24,636,662
Cash at end of year	**$ 29,019,032**	**$ 37,477,537**

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act,* Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board ("The Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 2 (c) Land

(cont'd) Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the Statements of Financial Position. Approximately 1.060 million acres of tax recovery land remains unsold as at December 31, 2009 (2008 - 1.090 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes. This consists of approximately 1.584 million acres (2008 - 1.587 million acres).

Road infrastructure right of ways, located within the Special Areas and administered by the Special Areas Board, were also transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional land for road widening purposes for insignificant amounts. As at December 31, 2009, the road infrastructure right of ways and the road widenings consist of approximately 0.012 million acres and are not recorded in the Statements of Financial Position.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts receivable, provision for contingencies and prior years tangible capital asset historical costs and related amortization. Actual results could differ from management's best estimates and additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement of the amount is different.

(e) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 2 (f) Financial Instruments

(cont'd)

The carrying value of cash, current accounts receivable, taxes receivable, amounts due to / from Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term nature of these items.

All non-current accounts receivable are a result of binding contractual agreements. The carrying value of these non-current accounts receivable approximate their fair value.

The fair value of investments are disclosed on Schedule 1.

(g) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(h) Inventories

The cost of consumable supplies is included as an expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as non-financial assets at net book value.

Inventories are valued at the lower of cost or net replacement value. Costs for all inventories are determined by using the first-in-first-out method with the exception of parts which are valued by using the average costing method.

(i) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 2 (j) Non-financial Assets

(cont'd) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Prior to 2008, capital asset acquisitions were included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets having an original cost greater than $2,500 ($10,000 for engineered structures and third party software development) are shown on the statement of financial position as non-financial assets at net book value. Purchased land and other off the shelf electronic data processing equipment is capitalized.

Capital Assets are recorded at cost, net of capital asset disposals, write-downs and amortization. The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization			Estimated
	Year 1	Year 2	Year 3 and Thereafter	Salvage Value
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings / Eng. struct.	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	-
- Software	25.00	25.00	25.00	-
Road bases	1.25	1.25	1.25	50.00
Road sub-surfaces				
- Mini-base	0.25	0.25	0.25	90.00
- Full graveled base	0.25	0.25	0.25	90.00
- Stabilized cement	0.25	0.25	0.25	90.00
Road surfaces				
- Oil/chip on grade	10.00	10.00	10.00	30.00
- Oil/chip on impr.	5.00	5.00	5.00	50.00
- Pavement	2.50	2.50	2.50	50.00
Water/wastewater lines	2.50	2.50	2.50	0.00
Dams	2.50	2.50	2.50	0.00

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 3 Prior Period Adjustment

Effective January 1, 2009, The Board changed its method of recording tangible capital assets (TCA), inventory of supplies and prepayment of expenses to accept the recommendations of Section 3150.43 of the CICA Public Sector Accounting Handbook. The handbook requires the accrual of these assets that were previously expensed. These assets are now on the statement of financial position as non-financial assets. The change has been applied retroactively.

The adjustments are as follows:	2008
Adjustments to opening accumulated surplus	
As previously reported at December 31, 2007	$ 4,413,560
Adjustment to net book value of tangible capital assets	186,026,949
As restated at December 31, 2007	$190,440,509
Adjustments to surplus	
As previously reported for year ended December 31, 2008	$ (1,979,318)
Purchase of tangible capital assets	13,506,019
Proceeds on disposal of tangible capital assets	(2,225,988)
Loss on disposal of tangible capital assets	(259,981)
Annual amortization expense	(4,331,929)
As restated for year ended December 31, 2008	$ 4,708,803
Adjustments to tangible capital assets	
As previously reported as at December 31, 2008	$ 26,139,432
Adjustments to historical cost of tangible capital assets	140,168,699
Accumulated amortization recorded	(27,123,889)
As restated as at December 31, 2008	$139,184,242

Effective, January 1, 2009, The Board adopted Section PS 1200 Financial Statement Presentation, which establishes general reporting principles and standards for the disclosure of information in government financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 4 Cash

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term-to-maturity of three years. As at December 31, 2009, securities held by the Fund had a time-weighted return of 1.4% per annum (2008 - 3.5% per annum).

Note 5 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of $62,474 (2008 - $88,261), are comprised of the following:

	2009	2008
Current:		
From sale of tax recovery land & related mineral surface leases	$ 464,789	$ 463,902
Accrued interest	57,881	79,100
	522,670	543,002
Acadia Foundation	1,342,280	-
Secondary highway rentals	333,123	1,189,292
Sand and gravel	32,411	405,961
Accrued interest on investments	105,826	160,746
Leases	95,814	147,977
High speed wireless	116,701	168,897
Local improvement recoveries	57,983	99,891
Miscellaneous	364,301	682,428
	$ 2,971,109	$ 3,398,194
Non-current:		
Acadia Foundation	$ 14,273,605	$ -
From sale of tax recovery land and related mineral surface leases	2,374,710	2,813,898
High speed wireless	356,175	356,174
Other	270,051	432,408
	$ 17,274,541	$ 3,602,480

Secondary highway rentals are owed by one company and is supported by their agreement with Alberta Infrastructure.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 5 Accounts Receivable, Net

(cont'd) Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales I & II and 6% per annum to tax recovery land sale III that commenced in 2004. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

The high speed wireless receivable is a result of The Board entering into a memorandum of agreement with an internet service provider to facilitate the delivery of high-speed internet to residents of the Special Areas. Certain equipment was offered for sale by The Board to the internet service provider at The Board's cost. Repayment terms will be based on network usage and a promissory note that will be signed upon completion of the joint project.

The Acadia Foundation receivable is a result of The Board entering into a memorandum of understanding with the other members of the Acadia Foundation to borrow from the Alberta Capital Finance Authority for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna (Note 8). Repayment terms are based on the promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.34% to 5.00%.

Note 6 Due from (to) Province of Alberta, Net

The net amount due from (to) the Province of Alberta is comprised of the following:

	2009	2008
Due from Province of Alberta:		
Transportation	$ 807,279	$ 701,878
Infrastructure	-	37,500
Agriculture and Rural Development	226,600	181,600
Finance	-	95,587
Other	20,585	8,730
	1,054,464	1,025.295
Due to Province of Alberta:		
Transportation	(511,736)	(4,413,383)
Environment	(207,603)	(208,235)
Other	(126,302)	(144,943)
	(845,641)	(4,766,561)
Due from (to) Province of Alberta, net	$ 208,823	$ (3,741,266)

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 7 Deferred Provincial Grant Revenue

	2009	2008
Municipal Affairs	$ 1,299,396	$ 565,168
Transportation	123,395	105,996
Children and Youth Services	20,380	41,220
Agriculture and Rural Development	11,770	5,370
	$ 1,454,941	$ 717,754

Note 8 Long Term Debt

	2009	2008
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $263,223, including fixed interest at 4.39%, due June 2018	$ 3,701,983	$ 4,054,429
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $251,377, including fixed interest at 4.01%, due December 2018	3,766,669	4,108,000
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $493,631, including fixed interest at 3.34%, due December 2019	8,333,000	-
Alberta Treasury Branches (ATB) loan, repayable in semi-annual installments of $147,127, plus monthly variable interest at ATB prime (December 31, 2009 - 2.25%), due May 2014	1,324,143	-
	17,125,795	8,162,429
Less: current portion	1,732,020	693,777
	$ 15,393,775	$ 7,468,652

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 8 Long Term Debt

(cont'd) Principal repayments on long-term debt in each of the next five years are estimated as follows:

2010	$ 1,732,020
2011	1,786,826
2012	1,843,752
2013	1,902,879
2014	1,817,169
	$ 9,082,646

Note 9 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act.*

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 10 Non-financial Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value (Restated)
Tangible Capital Assets:				
Mobile equipment	$ 18,199,924	$ 5,338,447	$ 12,861,477	$ 12,234,046
Buildings / Eng. structures	12,246,424	3,989,425	8,256,999	6,800,805
Automotive equipment	11,919,877	7,335,115	4,584,762	4,308,937
Machinery and equipment	3,795,381	1,903,626	1,891,755	1,522,040
Land	1,036,729	89,563	947,166	947,166
Electronic data processing				
- Software	1,463,530	1,255,740	207,790	146,700
- Hardware	1,203,760	1,079,642	124,118	179,739
Road bases	134,629,690	23,825,399	110,804,291	105,638,613
Road sub-surfaces	4,672,181	77,484	4,594,697	4,024,667
Road surfaces	8,883,741	4,801,518	4,082,223	3,310,896
Water/wastewater lines	48,125	47,375	750	773
Dams	367,494	299,689	67,805	69,860
Tangible Capital Assets	$ 198,466,856	$ 50,043,023	$148,423,833	$139,184,242

	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	$ 1,038,172	$ 10,382	$ 1,027,790	$ 1,043,512
Gravel	3,812,596	-	3,812,596	4,150,617
Culverts	112,627	-	112,627	88,451
Fuel	115,799	-	115,799	79,556
Fencing	62,270	-	62,270	61,188
Chemicals and other	23,960	-	23,960	12,479
Inventory	$ 5,165,424	$ 10,382	5,155,042	5,435,803
Total non-financial assets			$153,578,875	$144,620,045

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 11 Accumulated Surplus

Accumulated Surplus consists of unrestricted amounts and internally restricted as follows:

	2009	2008 (Restated) (Note 3)
Unrestricted Accumulated Surplusses		
Equity in capital assets (Schedule 4)	$148,423,833	$139,184,242
Equity in inventory (Schedule 4)	5,155,042	5,435,803
Unrestricted operational surplus (Schedule 4)	9,410,558	7,108,878
	162,989,433	151,728,923
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales (Schedule 5)	44,132,816	43,420,389
	$207,122,249	$195,149,312

The internally restricted accumulated surplus are funds that may not be accessed without authorization by the Minister of Municipal Affairs.

Note 12 Budget

The 2009 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs and Housing in January 2009. The budget was prepared on the previous basis of accounting and as such does not reflect the impact of adopting Tangible Capital Assets (TCA).

Note 13 Provincial Grants

	2009	2008
Transportation	$ 5,232,691	$ 2,462,408
Municipal Affairs and Housing	1,865,402	4,916,740
Agriculture and Rural Development	431,684	453,256
Environment	178,101	208,300
Children and Youth Services	167,560	122,171
Infrastructure	132,981	111,436
Tourism, Parks and Recreation	16,000	16,000
Employment and Immigration	7,840	4,095
Health and Wellness	-	118,346
	$ 8,032,259	$ 8,412,752

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 14 Lease Revenue

	2009	2008
Mineral surface leases	$ 3,395,886	$ 3,542,772
Equipment rentals	1,750,779	1,376,120
Grazing leases	798,213	1,084,184
Community pastures	468,511	461,257
Cultivation leases	308,272	318,097
Other	413,443	555,212
	$ 7,135,104	$ 7,337,642

Note 15 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	2009	2008
Manpower (Schedule 2)	$ 12,799,513	$ 11,728,574
Materials, goods, and utilities	10,009,790	12,722,057
Contract and general services	9,749,018	11,152,171
Amortization	4,635,409	4,331,929
Grants	1,994,198	3,858,151
Goods and services from Alberta Government departments		
Alberta Finance		
Risk Management	150,757	180,390
Investment fees	14,527	10,420
Alberta Municipal Affairs		
Linear assessment	94,079	91,218
Government Services	74,431	16,327
Interest on long-term debt	354,349	107,185
Industrial tax transfers	240,071	224,200
Loss on sale of capital assets	109,802	259,981
Provision for doubtful accounts	62,402	(739)
Less:		
Internal road projects capitalized in the year	(8,431,111)	(7,314,201)
	$ 31,857,235	$ 37,367,663

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 16 Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for The Board be disclosed as follows:

	2009	2008
Total debt limit	$ 63,804,156	$ 60,275,008
Total debt	17,125,795	8,162,429
Amount of debt limit unused	$ 46,678,361	$ 52,112,579
Debt servicing limit	$ 10,634,026	$ 10,045,835
Debt servicing	2,338,302	1,029,201
Amount of debt servicing limit unused	$ 8,295,724	$ 9,016,634

The debt limit is calculated at 1.5 times revenue of The Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of The Board. Rather, the financial statements must be interpreted as a whole.

Note 17 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are billed to the Board as disclosed in Note 15.

Grants provided by the Province of Alberta are disclosed in Note 13 and the amounts outstanding at the end of the year are disclosed in Note 6.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

Note 18 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2009 to the PSPP were $370,998 (2008 - $332,904) and to the MEPP were $171,648 (2008 - $170,587).

At December 31, 2008, the PSPP reported a deficit of $1,187,538,000 (2007 deficit - $92,509,000) and the MEPP reported a deficiency of $568,574,000 (2007 - $84,341,000).

Note 19 Contractual Obligations

The Board has entered into seventeen long-term operating leases for equipment. The future lease payments are as follows:

2010	$ 1,346,544
2011	1,073,443
2012	477,825
	$ 2,897,812

The Board had entered into a long-term gravel crushing contract in which The Board has committed to crushing 1,500,000 Tonnes from 2008 to 2013. Depending on conditions, an average of 300,000 Tonnes will be crushed annually.

Note 20 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately $70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure and all costs are recorded as expenditure of that Ministry.

Note 21 Comparative Figures

Certain 2008 figures have been reclassified to conform to 2009 presentation.

Note 22 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2009

				2009			2008
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	7.000%	4.320%	January 28, 2010	$ 180,000	$ 180,794	$ 180,328	$ 184,607
Bank of Nova Scotia	3.030%	3.030%	June 4, 2012	500,000	510,135	499,988	-
Canada Housing Trust	2.700%	2.650%	December 15, 2013	3,300,000	3,305,874	3,306,238	-
Canada Housing Trust	3.750%	3.530%	March 15, 2010	-	-	-	1,503,464
Canada Housing Trust	4.050%	4.280%	March 15, 2011	-	-	-	3,135,051
Canada Housing Trust	3.950%	4.830%	December 15, 2011	1,100,000	1,149,918	1,083,177	1,074,577
Canada Housing Trust	4.000%	4.290%	June 15, 2012	3,560,000	3,735,543	3,537,608	3,528,496
Canada Housing Trust	3.600%	2.880%	June 15, 2013	5,260,000	5,459,512	5,390,004	3,828,702
Canadian Imperial Bank of Commerce	4.550%	4.710%	March 28, 2016	700,000	726,971	696,906	696,410
Government of Canada	5.500%	4.090%	June 1, 2010	520,000	530,894	522,811	529,561
Government of Canada	6.000%	5.920%	June 1, 2011	95,000	101,503	95,079	95,134
Government of Canada	3.750%	4.010%	September 1, 2011	1,800,000	1,871,838	1,792,934	1,788,699
Government of Canada	5.250%	4.030%	June 1, 2012	3,490,000	3,775,901	3,582,087	3,620,152
Province of Manitoba	6.250%	5.930%	September 1, 2009	-	-	-	400,690
New Brunswick Provincial	3.350%	3.060%	June 1, 2013	500,000	513,505	504,602	-
Province of Ontario	6.100%	4.070%	November 19, 2010	500,000	523,265	508,111	517,276
Province of Ontario	6.100%	4.490%	December 2, 2011	700,000	758,926	719,016	728,918
Province of Quebec	5.500%	2.740%	December 1, 2014	1,550,000	1,719,570	1,746,026	-
Province of Quebec	6.250%	4.400%	December 1, 2010	-	-	-	1,805,425
Province of Quebec	5.250%	3.650%	October 1, 2013	800,000	873,552	843,819	855,494
Financement Quebec	3.250%	3.050%	June 1, 2014	500,000	506,330	504,110	-
Royal Bank of Canada	3.700%	4.190%	June 24, 2015	400,000	405,600	395,907	395,161
TD Bank	5.690%	5.020%	June 3, 2018	700,000	763,861	718,502	720,697
				26,155,000	27,413,492	26,627,253	25,408,514
Alberta Capital Finance Authority			(15 Shares)	150	150	150	150
				$ 26,155,150	$ 27,413,642	$ 26,627,403	$ 25,408,664

Note:

The Board, as part of its operations, carries these financial instruments. It is management's opinion that the Board is not exposed to significant currency or credit risks arising from these financial instruments.

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009				2008	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 148,379	$ 8,734	$ 35,922	$ 193,035	1	$ 193,454
Special Areas Board members	2	13,797	-	1,508	15,305	2	11,471
Director of Finance and Administration	1	111,575	6,422	27,445	145,442	1	143,346
Director of Municipal Services	1	107,571	6,332	7,281	121,184	1	123,003
Director of Properties Administration	1	107,571	6,332	26,643	140,546	1	136,768
Roads & Equipment Superintendent	1	96,910	12,908	24,506	134,324	1	127,615
Managers (e)	4	379,570	22,229	95,803	497,602	4	477,913
Other full time staff (f)	89.0	5,563,687	-	957,355	6,521,042	85.0	5,931,359
Part time and casual wage staff		4,279,101	-	665,587	4,944,688		4,410,467
Other Boards and committees		51,959	-	1,802	53,761		50,015
Advisory Councillors	13	26,660	-	880	27,540	13	24,565
Increase (Decrease) in vacation accrual		5,044	-	-	5,044		98,598
		$ 10,891,824	$ 62,957	$ 1,844,732	$ 12,799,513		$ 11,728,574

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.
(b) Salary includes regular base pay.
(c) Other cash benefits includes bonuses, lump sum payments, honoraria and vacation payouts.
(d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.
(e) Average salary is $94,893 and average benefits (column c & d) are $29,508 totaling $124,401 (2008 - $119,478).
(f) Average salary is $62,513 and average benefits are $10,757 totaling $673,270 (2008 - $69,781).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2009

Schedule 3

	2009	2008 (Restated) (Note 3)
Change in Financial Assets		
Current:		
Cash	$ (8,458,505)	$ 12,840,875
Accounts receivable, net	(427,085)	(1,900,349)
Due to Province of Alberta, net	208,823	-
Taxes receivable, net	288,274	(78,461)
	(8,388,493)	10,862,065
Non-current:		
Accounts receivable, net	13,672,061	(167,121)
Acadia Foundation receivable	-	-
Investments	1,218,739	(1,365,762)
Increase in Financial Assets	6,502,307	9,329,182
Change in Liabilities		
Current:		
Accounts payable and accruals	2,624,672	(2,927,656)
Deferred revenues	(53,585)	4,688
Deferred provincial grant revenue	(737,187)	1,626,471
Due to Province of Alberta, net	3,741,266	(2,453,351)
Current portion of long term loan	(1,038,243)	-
	4,536,923	(3,749,848)
Non-current:		
Long term loan	(7,925,123)	(7,468,652)
Pension liability	-	-
Provision for gravel pit reclamation	(100,000)	(90,000)
Increase in Liabilities	(3,488,200)	(11,308,500)
Net increase (decrease) in net financial assets	3,014,107	(1,979,318)
Net financial assets at the beginning of year	50,529,267	52,508,585
Net financial assets at end of year	$ 53,543,374	$ 50,529,267

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY UNRESTRICTED ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

Schedule 4

	2009 BUDGET (Note 12)	2009 ACTUAL	2008 ACTUAL (Restated) (Note 3)
Equity in capital assets at beginning of year		$ 139,184,242	$ 132,496,121
Add purchase of capital assets:			
Road infrastructure	-	8,431,111	7,314,201
Transportation services	1,604,150	2,890,464	4,231,983
Water and sanitation services	2,216,775	1,306,049	333,650
Protective services	1,673,000	1,000,025	684,603
Agriculture and community pasture services	278,500	298,250	317,505
Administrative services	176,350	115,495	467,889
Recreation and cultural services	131,000	142,857	156,188
	6,079,775	14,184,251	13,506,019
Annual amortization of capital assets		(4,635,409)	(4,331,929)
Disposal of capital assets		(309,251)	(2,485,969)
Equity in capital assets at end of year (Note 3, 10, 11))		**$ 148,423,833**	**$ 139,184,242**
Equity in inventories at beginning of year		$ 5,435,803	$ 4,093,850
Add purchases and other inventory costs		2,659,541	3,958,225
Deduct requisitions		(2,940,302)	(2,616,272)
Equity in inventory at end of year (Note 10, 11)		**$ 5,155,042**	**$ 5,435,803**
Accumulated operational surplus at beginning of year		$ 7,108,878	$ 4,413,560
Surplus for the year		11,972,937	4,708,803
Change in Non-Financial Assets		(8,958,830)	(6,688,121)
		10,122,985	2,434,242
Transfers (to) from Reserves (net)		(712,427)	4,674,636
Accumulated operational surplus at end of year (Note 11)		**$ 9,410,558**	**$ 7,108,878**
		$ 162,989,433	**$ 151,728,923**

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY INTERNALLY RESTRICTED ACCUMULATED SURPLUSSES INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

Schedule 5

	2009 ACTUAL	2008 ACTUAL (Restated) (Note 3)
Tax recovery land sales surplusses:		
Phase I		
Balance at beginning of year	$ 39,237,690	$ 39,230,508
Add transfers of accumulated excess of revenue over expenditure	7,208	7,182
Balance at end of year	39,244,898	39,237,690
Phase II		
Balance at beginning of year	-	945,118
Add transfers of accumulated excess of revenue over expenditure	-	-
Deduct transfers of funds to operations	-	(945,118)
Balance at end of year	-	-
Phase III		
Balance at beginning of year	4,181,380	7,918,080
Add transfer from accumulated excess of revenue over expenditure	698,170	991,600
Deduct transfers of funds to operations	-	(4,728,300)
Balance at end of year	4,879,550	4,181,380
Total balance at end of year	44,124,448	43,419,070
Public reserve surplusses:		
Balance at beginning of year	1,319	1,319
Add transfers of Municipal Reserves held for development	7,049	-
Balance at end of year	8,368	1,319
Total internally restricted accumulated surplusses (Note 11)	**$ 44,132,816**	**$ 43,420,389**

Phases I, II and III relate to proceeds from sales under the 1981, 1988 and 2004 tax recovery land sales policies respectively.

Phases I and III exclude interest revenue and have not been earmarked for specific expenditures.

The internally restricted accumulated surplus are funds that may not be accessed without authorization by the Minister of Municipal Affairs.

ISBN: 978-0-7785-5999-3 (printed version) ISSN: 0701-6522 September 2010
ISBN: 978-0-7785-6000-5 (online version)

Printed in Alberta, Canada
on recycled paper